



Utah Counties Insurance Pool
Serving Counties Since 1992

AGENDA

BOARD OF TRUSTEES MEETING

Thursday, August 19, 2004, 9:00 a.m.
Utah Counties Insurance Pool Building
5397 South Vine Street, SLC, UT

PLEASE READ: Minutes

PLEASE BRING:

Call to Order

Dan McConkie

Review of Board Members Absent

Approval of June Minutes

ITEM INFORMATION

- | | | |
|---|----------------------------------|---------------|
| 1 | Fixed Income Portfolio Review | Rob Rich |
| 2 | Review of Financial Statements | Geri Douglas |
| 3 | Actuarial Review | Lisa Dennison |
| 4 | Broker's Report | John Chino |
| 5 | Loss Control Manager's Report | Mark Brady |
| 6 | Chief Executive Officer's Report | Lester Nixon |
| 7 | 2004 Membership Meeting | Sonya White |

ACTION

- | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------|---------------|
| 8 | Approve Updated UCIP Planning Document | Lester Nixon |
| 9 | Approve County Vehicle Use Policy | Lester Nixon |
| 10 | Approve Amended Personnel Policy | Lester Nixon |
| 11 | Approve Business Card and Business Card Increases for Staff | Lester Nixon |
| 12 | Ratification and Approval of Payments | Gene Roundy |
| 13 | Set Date and Time for Closed Meeting
to Discuss Pending or Reasonably Imminent Litigation | |
| 14 | Action on Litigation Matters | Kent Sundberg |
| 15 | Set Date and Time for Closed Meeting
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | |

Schedule Committee Meetings

- Audit
- Coverage Agreement Review
- Nominating

Other Business

Adjourn

ADDITIONAL INSTRUCTIONS: Light Breakfast & Lunch will be provided.



Utah Counties Insurance Pool
Serving Counties Since 1992

MINUTES

BOARD OF TRUSTEES MEETING

August 19, 2004, 9:00 a.m.

Utah Counties Insurance Pool Building, Murray, UT

BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner
Lynn Lemon, *Vice President*, Cache County Executive
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner
Steve Baker, Davis County Personnel Director
Kay Blackwell, Piute County Commissioner
Ken Bischoff, Weber County Commissioner
Jim Eardley, Washington County Commissioner
Jerry Grover, Utah County Commissioner
Ira Hatch, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

OTHERS PRESENT

LaMar Guymon, Emery County Sheriff
Lester Nixon, Chief Executive Officer
Mark Brady, Loss Control Manager
Sonya White, Executive Assistant
Korby Siggard, Claims Manager
Brody Parker, Workers' Compensation Safety Specialist
John Chino, Arthur J. Gallagher, Senior Vice President
Rob Rich, Wachovia Financial Advisor
Geri Douglas, Larson & Company Auditor
Diane Nesbit, Larson & Company Accountant
Lisa Dennison, By The Numbers, Consulting Actuary

CALL to ORDER

Dan McConkie called the meeting of the Utah Counties Insurance Pool Board of Trustees to order at 9:00 a.m. on August 19, 2004. Dan welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

All Trustees were present at this meeting.

APPROVAL of JUNE MINUTES

The minutes of the Board of Trustees meeting held June 3, 2004 were previously sent to the Board members for review. Steve Baker requested a correction to be made in the REVIEW of BOARD MEMBERS ABSENT item. The reason he was absent at the June 3 meeting was for his son's graduation not his daughter's. Steve Wall made a motion to approve the June 3, 2004 Board meeting minutes as corrected to read: Steve Baker requested to be excused from this meeting so he could attend his child's high school graduation. Kay Blackwell seconded the motion, which passed unanimously.

FIXED INCOME PORTFOLIO REVIEW

Rob Rich provided the Board with a portfolio review as of August 11, 2004 (see attachment #1). All investments are distributed in government agency bonds. The Public Treasurers Investment Fund is using corporate bonds. The portfolio total value is \$7,403,725 laddered from one to seven years with \$1,000,000 in each year. The average current yield is 3.46% if every bond stayed until maturity. The Yield to Worst is 2.46% if every bond were called today. The average life maturity less than five years is 72.53%, five to ten years is 27.47%. Bond yields have changed from 3.37% last year to 3.46% this year due to \$2.7 million in bond values called this year. Rob replaces called bonds with the same maturity year and has been able to replace at a better yield. Also included in the analysis is a portfolio detail showing every bond, its yield, maturity and interest income.

REVIEW of FINANCIAL STATEMENTS

Geri Douglas and Diane Nesbitt reviewed a draft of the July 31, 2004 Financial Statements with the Board (see attachment #2). The Accountants' Compilation Report has to state that the financial statements information is a representation of the owners and not audited by the accountants. The majority of the Pool's current assets (cash and cash equivalents), as shown on the Balance Sheet, are its monies in the Public Treasurers Investment Fund (a breakdown is listed on page 10). Investments include the restricted amount of \$1,113,042 required by the Labor Commission for the Workers' Comp bond. Under current liabilities, the losses have not been adjusted since year end. Unrestricted assets are part of the Pool's equity. The Statement of Revenue and Expenses will show the changes in equity as the County Reinsurance Limited investment changes. For the seven months, a change in net assets, unrestricted, is (\$65,948). The Statement of Cash Flows reconciles the accrual basis back to cash and shows a net increase in cash of \$1,160,711. Page 11 gives a breakdown of the Pool's investments. Unrealized gains/losses are the change in the amortized cost from month to month. The Budget to Actual Comparison for the Multiline Pool is at 67% and the Workers' Comp Pool is at 86% with the year 58% complete. Lester Nixon will review these overages with the Board at its next meeting. Lynn Lemon asked that the Balance Sheet and Income Statement include a prior year comparison. Diane will add that to the approved July statement and all future statements. The only thing to consider is that the Workers' Comp Pool started this year, 2004.

ACTUARIAL REVIEW

The Board received a copy of the 2003 Actuarial Report completed on February 16, 2004 (see attachment #3). Lisa Dennison explained that loss information for the multiline pool is not yet available for her to conduct a six month analysis but she has tried to project what amount the Pool should collect to cover future claims based on its current rate structure (see attachment #4). The financial statements show a \$3,166,016 reserve for loss and loss adjustment expenses. For every dollar set aside for reserves the Pool's net assets decrease which has a huge impact on the financial statements. The Incurred But Not Reported (IBNR) case reserves are calculated by the

actuaries for use in the financial statements. As time goes on, case facts change and IBNR can become "Incurred But Not Enough (IBNE)". IBNRs are set aside to allow for adverse development. This history of the Pool's experience for the multiline program (all lines) is shown in Figure 1. The best actuarial estimate as of 2003 is \$1,054,000. This estimate affects net assets as well as how much money the Pool made in 2003, reimbursements from aggregate carriers and dividends that decrease Pool surplus. Figure 2 is a comparison of estimated ultimate incurred losses to the prior report that is limited to specific and aggregate retentions net of recoveries for all lines in the multiline program. Figure 3 charts the historical development of known losses and how they have changed over time for general liability. The actuary quantifies the solid lines then estimates as depicted in the dashed lines making sure that one case is not throwing off the numbers. Year 2003 started higher so it will trend higher. Figure 4 charts the historical and expected development of paid losses for general liability. The results from two methods are used then the total cost is adjusted. Figure 5 graphs the ultimate incurred losses for general liability. In talking with John Chino, Lisa explained that all their clients are experiencing higher losses for the year 2003. From financial information, Lisa analyzes the historical profitability of all years as shown in Figure 6 for all lines. From this, Lisa calculates an estimated net income. For 2003, losses and expenses are higher than in 2001 and 2002 at \$4,320,000 with premiums at \$3,937,000. Jerry Grover asked if premiums are too low. Kent Sundberg replied that the Board purposely kept premiums low in 2003 but that can't be the case every year. Lisa said that the Pool has a lot of surplus. The industry tries to keep premiums at three times its surplus. The Pool is at five to one which is much more conservative than the standard industry. 2003 was a bad year but it's not going to break the Pool. The financials are as of July 1, 2004 and Lisa's report is as of 2003. The booked loss expense (reserve) is approximately \$2.5 million, to fund unknown losses is approximately \$3.3 million and \$2.3 million in estimated expense but the reserve is booked separately. The amount booked on the Pool's financials is the case reserves plus IBNR.

Lisa explained that the actuaries do not have the benefit of 12 years experience for the workers' compensation analysis as they do with the multiline so National Council on Compensation Insurance (NCCI) numbers are used along with the 2004 paid losses to see how this new Pool is developing. The Pool's loss development factor is 1.747 for an annualized estimated ultimate incurred loss amount of \$656,472 which is an estimated ultimate loss ratio of 72%. The reported loss ratio as of July 31 is 41.4%. During the policy year a good break even ratio is 40%. The program is developing as expected. Lynn Lemon asked at what loss ratio should the Board become alarmed and Lisa said that 60% would be high. Kent Sundberg said that the Pool's workers' comp premiums were very competitive; therefore he feels the 41.4% loss ratio is very good. Lester Nixon explained that with the aging workforce there is lower frequency but injuries are more severe. For the first time in history, medical costs are close to 50% so premiums may increase 6-7% even in a "good" year. Lisa will have a reserve analysis update for the Board next month to use in setting premiums for 2005.

BROKER'S REPORT

John Chino reported that he is working on the Pool's 2005 renewal. By joining County Reinsurance Limited (CRL) the Pool saved a lot of money. The Pool can work directly with CRL without a broker. Lester Nixon has set the bar high for the property market and expects to have a very competitive quote for 2005. CRL will be offering a property product to its members for 2005. The Board will have that option along with the proposals from Gallagher. Gallagher will also offer proposals for the crime, boiler & machinery and the reinsurance for workers' comp above the CRL limits. CRL also offers an excess policy with alternative limits. John is hopeful that he will have proposals that the Board will be happy with by October.

LOSS CONTROL MANAGER'S REPORT

Mark Brady provided the Board with a list of his activities since he last reported to the Board at the May meeting (see attachment #5). Mark has conducted supervisor training in Morgan, Tooele and Wasatch Counties; harassment training in Morgan, Tooele, Wasatch Counties and Central Utah Health; defensive driving courses in Davis, Tooele and Wasatch Counties; inspections in Duchesne and Iron Counties; assisted Emery County in revising their personnel policies and procedures; and attended the Davis Road Department Safety Luncheon, National PRIMA Conference, Utah PRIMA Conference and the Utah Sheriff's Association meeting. Mark explained that Brody Parker will now be conducting the defensive driving courses and has provided training in Tooele County and has scheduled training in Davis County. Brody is working with Weber County on an employee safety program and Carbon and Utah Counties with their safety committees and programs. Upcoming items are the Risk Management Certification Training (August 24-26), Road Crew Training in San Juan County (September 8-9) and sponsorship of the Utah Sheriff's Association Fall Workshop (September 20-22).

CHIEF EXECUTIVE OFFICER'S REPORT

Lester Nixon reviewed the workers' compensation report as of July 31, 2004 with the Board (see attachment #6). The 2004 premium total is \$906,251 and paid claims are at \$90,813. A critical point for Pool premium is \$1,000,000; UCIP is close to that and will exceed that in 2005.

Lester Nixon reported that Alternative Service Concepts conducted the Pool's multiline claims audit. They reviewed 30 files (24 open and six closed), the standards of handling and the transition from VeriClaim to UCIP staff. In all the different areas analyzed, the audit listed an overall score of 88%. In the area of coverage, the Pool was scored lower because files were not being noted consistently for coverage pursuant to the coverage agreement, more reporting from defense counsel in files and notes that the adjusters are communicating with defense counsel.

Lester Nixon explained that staff is receiving higher registration than anticipated for the first Risk Management Certification training being conducted August 24-26. The first day's agenda is about risk management basics, the second day is risk management and the law, and the third day is workers' comp.

Lester Nixon provided the Board with the 2003 Annual Report of the Utah Counties Insurance Pool (see attachment #7) that was designed in-house by staff. Each county will receive the Report and it will also be available at Pool training sessions and exhibit sites.

Lester Nixon asked that all Trustees going to the AGRIP Governance Conference, October 18-20, contact Sonya White to make necessary arrangements. The Board approved Trustees to attend two conferences per year.

Lester Nixon requested direction from the Board in scheduling the 2005 Board Retreat. The Board wishes to continue with the first Thursday and Friday of June for the dates and want to have it at the Red Cliffs Lodge in Moab. If the Lodge is unavailable, the second choice is the Sorrel River Ranch in Moab.

UCIP staff will be at the Utah Association of Counties (UAC) Convention November 10-12. Since Veterans Day is November 11 and UAC will be closed November 15, Lester requested staff be allowed to take the Veteran's Day holiday on a different day. Jim Eardley made a motion to allow staff to take November 15 as a holiday instead of November 11. Ken Bischoff seconded the motion, which passed unanimously.

2004 MEMBERSHIP MEETING

Sonya White requested direction from the Board regarding the time and date of the Annual Membership meeting which is usually held in conjunction with the Utah Association of Counties (UAC) Annual Convention. Tentatively the UAC schedule includes a property tax session that will last until 5:00 Wednesday, November 10. Because Wednesday is booked, the Clerk-Auditors will be meeting the afternoon of Tuesday, November 9. In an effort to not schedule over any UAC meetings, UCIP can schedule their Membership meeting Monday, November 8 or schedule around the December Board meeting. Thanksgiving Point is available for a meeting, dinner and activity December 9. The Board would like to continue to have the Membership meeting in conjunction with the UAC Convention. Therefore, the Board directed Dan McConkie to request that UAC clear time for UCIP to hold their Membership meeting on Wednesday, November 10 from 4:00-6:00 p.m.

APPROVE UPDATED UCIP PLANNING DOCUMENT

Lester Nixon updated the UCIP Planning Document pursuant to the discussions and goals adopted at the June Board Retreat (see attachment #8). Lester asked that the Board review the document and take action at the next meeting. Jerry Grover asked that the Board consider comparison benchmarks for Goal #1—Determine Permanent Location of UCIP.

APPROVE COUNTY VEHICLE USE POLICY

Lester Nixon reported that he is waiting for Weber County's comments relating to the proposed County Vehicle Use Policy. Lester will bring this item back to the Board next month.

APPROVE AMENDED PERSONNEL POLICY

Lester Nixon recommended that the Board approve the following additions to the UCIP Employment Policies and Procedures Manual. 1) Add language regarding Per Diem in **Section IV, J**: Per Diem is not payable to employees on business in the employee's home county or Salt Lake County. Travel requirements for per diem are a trip of at least 100 miles and/or 5 hours duration. 2) Add a new **Number 5 in Section IV, J**: Employees furnished cell phones will reimburse UCIP for personal calls that put the monthly charge over the minimum and any personal charges above the minimum. When out of town and /or out of state, the employee should evaluate charges from a hotel and cell phone and choose the lesser cost. 3) Add a new **D at Section I, Introductory Provisions**: UCIP has signed the Electronic Trading Partner Agreement with the Utah Retirement Systems. As a condition of this Agreement, UCIP has adopted the following policy statement: UCIP will prevent the improper use or disclosure of personal information regarding its employees' status, contributions and/or benefits, or any other personal information arising from enrollment or participation in the Utah Retirement Systems. Jim Eardley made a motion to approve the additions to the UCIP Employment Policies and Procedures Manual as presented by Lester Nixon. Lynn Lemon seconded the motion, which passed unanimously.

APPROVE BUSINESS CARD and BUSINESS CARD INCREASES for STAFF

Lester Nixon requested that the Board consider increasing the business card limits for Mark Brady and Sonya White to \$5,000 from \$1,000 and approve a business card for Brody Parker in the amount of \$2,500. The Board felt it was necessary for Lester to have an increase to \$10,000 from \$5,000. Gene Roundy made a motion authorizing business card increases for staff in the amounts of \$10,000 for Lester Nixon, \$5,000 for Mark Brady and \$5,000 for Sonya White and a new business card in the amount of \$2,500 for Brody Parker. Kay Blackwell seconded the motion, which passed unanimously.

RATIFICATION and APPROVAL of PAYMENTS

Gene Roundy reviewed the payments made and the payments to be made with the Board (see attachment #9). Gene Roundy made a motion to approve the payments made and the payments to be made. Jim Eardley seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

The Board had no need for a closed meeting to discuss pending or reasonably imminent litigation.

ACTION on LITIGATION MATTERS

The Board had no action to take on litigation matters.

SET DATE and TIME for CLOSED MEETING

The Board had no need for a closed meeting to discuss the character, professional competence, physical/mental health of an individual.

SCHEDULE COMMITTEE MEETINGS

The Audit Committee will meet September 16, 9:00 a.m. at the UCIP Building. The Coverage Agreement Committee will meet immediately following the Board meeting and lunch on September 16. The Nominating Committee will meet via telephonic conference once all nomination forms are received by the members (Sonya White will notify Committee Members).

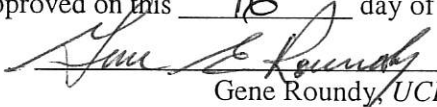
OTHER BUSINESS

At the beginning of the meeting, LaMar Guymon, Emery County Sheriff and President of the Utah Association of Counties (UAC) Board of Directors, explained that he has been overwhelmed by questions about the relationship between UAC and UCIP. He feels it has gotten to a point where it is starting to fester among the counties. LaMar requested that the UCIP Board select five of their Trustees to make up a Committee with five of the UAC Directors to review and resolve the Building Agreement, resolve any relationship issues and bring these resolutions to the Boards for approval. Kent Sundberg asked what issues LaMar was referring to besides the issues with the building. Lamar said that he is confused about all of the issues because he has not been privy to everything that officials from the counties have contacted him about. He doesn't understand how the relationship has come to 'us and them' and sees it destroying UAC. Jim Eardley made a motion to organize a Joint Committee of UAC and UCIP to resolve any issues involving the Building Agreement and relationship and make a recommendation to both Boards for approval. Ed Phillips seconded the motion, which passed unanimously. The following Trustees were appointed by the Board as members of the Joint Committee: Jim Eardley, Lynn Lemon, Ed Phillips, Kent Sundberg and Steve Wall. The Committee will meet on September 29, 1:00 p.m. at the UCIP Building.

Lester Nixon explained that changes to the Bylaws may need to be made if Washington County becomes a second class county. Also, the Bylaws Committee may want to consider reviewing the set-up of appointed committee chairs serving on the Board. Lester recommended that the Bylaws Committee meet throughout 2005.

The next meeting of the Board of Trustees will be held at 10:00 a.m. on September 16, 2004 at the Utah Counties Insurance Pool Building.

Respectfully submitted by Sonya White, Executive Assistant.

Approved on this 16 day of Sept. 2004

Gene Roundy, UCIP Secretary-Treasurer

FIXED INCOME REVIEW

prepared for

UTAH COUNTIES INSURANCE POOL

by your Financial Advisor

ROB RICH

8/11/2004

Refer to the attached page "General Notes" – report is incomplete unless "General Notes" are attached.

This does not constitute an offer to sell or a solicitation to buy securities except where specifically indicated by color coding (see legend). Actual prices bid/offered for securities may differ considerably from those shown. Price and anticipated income information are provided only as a general guide; there is no guarantee that actual prices/performance will closely approximate the prices/performance shown. Tax implications arising from security transactions should be discussed with a qualified tax advisor. Call features may exist for some securities that could affect the maturing principal schedule and/or yield calculations. SECURITIES: NOT FDIC INSURED/NOT BANK GUARANTEED/MAY LOSE VALUE. Investment products and services offered through either Wachovia Securities, LLC, member NYSE/SIPC, or Wachovia Securities Financial Network, LLC, member NASD/SIPC. Each broker-dealer is a separate non-bank affiliate of Wachovia Corporation. Prudential Securities is a division of Wachovia Securities, LLC. (17738)

GENERAL NOTES

This report is intended to provide you with a descriptive overview of your current fixed income portfolio and may include analysis, projections and recommendations. The various forms of performance analysis, security characteristics, and securities pricing estimates include assumptions to facilitate calculations and the depiction of your holdings. These assumptions have been defined whenever possible. Securities prices contained in this report are obtained from various sources, including independent reporting services. There is no guarantee that the reported prices reflect current market prices or that the reported price could be realized. Wachovia Securities does not consider the reported prices actual bids.

If Buy/Sell recommendations are included in your report please be aware that all prices are subject to change, and that all suggested buys are also subject to availability. Any changes to your portfolio should be first discussed with your Financial Advisor, and your tax professional for any potential tax implications. There is no guarantee that this information is complete or accurate in its entirety or that actual performance will closely approximate the performance shown. Variables affecting performance are unknown and unpredictable, and any calculations based upon them simply reflect one of many possible outcomes. Please review all information with your Financial Advisor (FA).

SECURITY ASSUMPTIONS

Mortgage Backed Securities (MBS). For the purposes of this report MBS include Asset Backed Securities, Pass Thru and Collateralized Mortgage Obligations. MBS do not have defined principal cash flows due to principal prepayment uncertainties. This report uses the current industry standard, Public Securities Assoc. Model as the method for estimating future mortgage cash flows. In this report assumptions must be made about the prepayment speed and average life value for MBS. These assumptions result in an estimated principal and interest repayment schedule, which is used in combination with current price to calculate a cash flow yield. Cash flow yield is the yield used for this security type. Actual performance will not match stated performance because it is not possible to precisely predict MBS cash flow streams. Factors affecting asset prepayments such as future interest rates are unknown.

Fixed Rate Capital Securities (FRCS) and Preferred Stock For the purposes of this report FRCS may be perpetual securities with no stated maturity. For perpetual securities a long-term maturity date is assigned to facilitate portfolio and individual security calculations. If these securities have stated maturities, the actual maturity date is used.

FIXED INCOME PORTFOLIO ANALYSIS

Section I Portfolio Totals. Portfolio totals are approximate market values of the account holdings grouped by type. 'Bonds' includes individual fixed income instruments such as Treasuries and Agencies, Zeros, Mortgage Backed Securities (MBS), Corporates, and CDs. 'FRCS' refers to Fixed Rate Capital Securities and includes Preferred Stocks. 'Equities' includes individual equities, convertibles but not Preferred Stock. 'Mutual Funds' includes open and closed-end funds. 'Money Market' is based on Money Market Balance in the account(s) at time of analysis. 'Other' includes instruments such as UITs, Annuities, Limited Partnerships and securities with unique characteristics not fitting any of the above categories.

Section II Bond Averages. - This section provides you with descriptive features of the bonds in your portfolio. 'Coupon' is an average of the coupons of the individual bonds weighted by par value. 'Yrs to Mat' is Years to Maturity, which is an average of the time to maturity (or assumed Average Life for MBS) weighted by par value. 'Duration' represents the average of the duration of the individual bonds weighted by par value. Duration itself is the number of years required to receive the present value of future payments, both interest and principal, from a bond. 'YTW' is Yield to Worst. Yield to worst is the lower of the yield to call or yield to maturity for each bond, as calculated using Excel's yield functions and assumptions. It is shown here as the average of the individual bond yield to worst calculations weighted by par value. Cash flow yield is used for MBS. This is not a yield to maturity calculation for the portfolio, as a whole, but an average of individual yields. 'Current Yield' is the average of the current yield of each bond weighted by par value. Current Yield is equal to the coupon divided by the current price, expressed as a percentage.

Section III Bond Income Schedule. This is an estimated schedule of total monthly coupon payments. The schedule assumes that bonds are not called. For portfolios that have MBS that are paying out principal in addition to the interest, the income schedule will include those projected principal payments as well. This income schedule takes into account potential long or short first coupon payments on Municipal securities.

Section IV Bond Distributions. This section includes four separate breakdowns of the Fixed Income holdings portfolio. 'Avg. Life / Mat.' Shows the percentage of the holdings that will mature or be pre-funded within the stated time periods. MBS are included based upon their assumed average life. The 'CALLABLE' distribution represents your fixed income portfolio grouped according to the call dates shown. The call feature used is the next date that the bond may be called. A bond may or may not be called on the first call date or thereafter. This distribution alerts you to the percentage of your portfolio, which may be called at each time segment. MBS do not have stated call features but do have uncertain maturities, therefore a percentage designation has been provided for these securities (see Security Assumptions). 'Duration' is the number of years required to receive the present value of future payments, both interest and principal, from a bond. The fixed income portfolio is grouped by duration for the periods shown. The 'Product' distribution simply shows the percentage of the fixed income portfolio that is invested in different fixed income products.

Section V Bond Principal Schedule. This schedule provides an approximate breakdown of principal repayments of your fixed income holdings. The schedule assumes that bonds are not called and that MBS prepay according to the stated principal prepayment window. Please remember that it is not possible to accurately predict MBS prepayments or whether a bond will be called. When reviewing this distribution, you should discuss this fact and alternate principal repayment possibilities with your Financial Advisor.

Section VI Bond Rating Distributions. This schedule breaks down holdings according to credit ratings. Some issues may be rated by only one agency and some are not rated at all. Please discuss these ratings, their meanings and the suitability of the distribution for your portfolio objectives with your Financial Advisor.

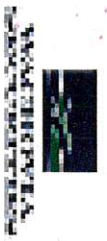
Existing/Resulting. If your report contains recommendations for Buys and/or Sells columns representing both the Existing and the Resulting holdings will be shown on the 'Analysis' page for all six of the preceding sections. All of the assumptions for those sections will continue to hold. This simply is a manner in which you may see the before and after for a given portfolio for the recommended changes.

PORTFOLIO DETAIL - This section provides an overview of each fixed income holdings in the portfolio. Any recommendations are included and are coded by color. Issues shown in boldfaced blue type are suggested buys, and red boldfaced type is for suggested sells. The columns shown on the page are defined as follows. Quantity is the face value of the bond or number of FRCS shares. Issuer is the name of the issuer. The Type is the bond type. Rating reflects the Moody's and SP credit rating if applicable. Coupon is the bonds stated interest rate. Maturity is the stated maturity date, or in the case of MBS the assumed principal prepayment window. For FRCS of Preferreds with no stated maturity date a substituted date may be shown. Yrs to Mat. is the number of years until maturity, pre-funding, or assumed average life for MBS. The price shown is the market price supplied at the time of the analysis. Price should be used only as an estimate since actual price changes continually due to market conditions. YTW is the lower of the yield to call or yield to maturity as calculated using Excel's yield functions and assumptions. A 'C' indicates yield to call was used. For MBS the YTW will be the cash flow yield. Current Yield is the bond's coupon rate divided by its current price expressed as a percentage. Call Date/Price is the next call date for the bond and the applicable call price. Call dates for currently callable bonds are shown as being callable in 30 days. The Total shown for each bond is the sum of the market value, at the given price, plus the accrued interest.

BUY/SELL RECOMMENDATION This page is included only if there are trades recommended on the report. This page will show the recommended buys and sells separately, and the totals for each, with any difference. This page will also include notes with rationale for the recommendations.

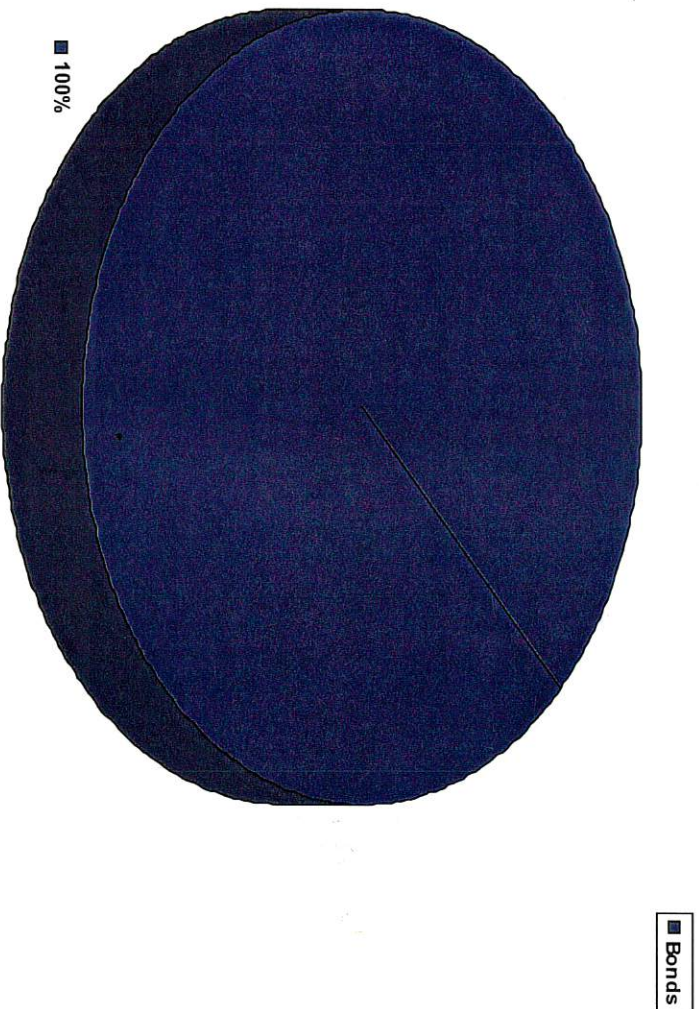
OTHER SECURITIES. The Other Securities page(s) lists Equities, Mutual Funds, UIT's, Money Market holdings, Annuities, Limited Partnerships, and other securities that do not fit into the parameters for analysis as Bonds. All values for these holdings are taken at the time the report is imported into the program. Security values and Money Market balances stated in the report may differ from actual values and balances due to market and account activity occurring after the report data was gathered.

DATA GRAPHS The Asset Allocation graph represents the entire portfolio in terms of current market value. The Fixed Income Allocation represents just the Fixed Income assets held in the account. The Maturity, Duration, and Callable Distributions are illustrations of the bond features as shown in section III of the Analysis page. For reports where recommendations have been made, all of the graph pages will show the "existing" and "resulting" as well.



ASSET ALLOCATION

Distribution by Product Type

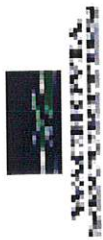


08/11/2004

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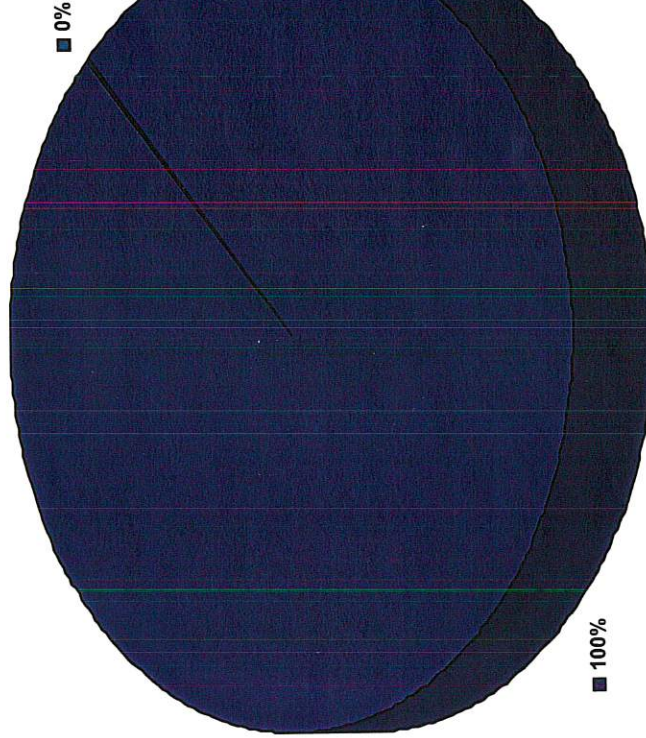
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This does not constitute an offer to sell or a solicitation to buy securities except where specifically indicated by color coding (see legend). Actual prices bid/offered for securities may differ considerably from those shown. Price and anticipated income information are provided only as a general guide; there is no guarantee that actual performance will closely approximate the performance shown. Tax implications arising from security transactions should be discussed with a qualified tax advisor. Call features may exist for some securities that could affect the maturing principal schedule and/or yield calculations. Investment products and services offered through either Wachovia Securities, LLC, member NYSE/SIPC, or Wachovia Securities Financial Network, LLC, member NASD/SIPC. Each broker-dealer is a separate non-bank affiliate of Wachovia Corporation. Prudential Securities is a division of Wachovia Securities, LLC. Securities and Insurance Products: Not insured by FDIC or Any Federal Government Agency May Lose Value Not a Deposit of or Guaranteed by a Bank or Any Bank Affiliate.



FIXED INCOME ALLOCATION

Distribution by Fixed Income Product Type

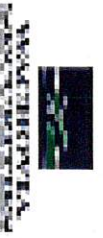


08/11/2004

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Ref. ID#: 17738



FIXED INCOME PORTFOLIO ANALYSIS

I. PORTFOLIO TOTALS

Bonds	\$6,993,725
FRCS	\$0
Equities	\$0
Mutual Funds	\$0
MMKT	\$0
Other	\$410,000
Total Value	\$7,403,725

II. BOND AVERAGES

Coupon	3.45%
Yrs to Mat	4.293
Duration	3.845
YTW	2.46%
Current Yield	3.46%

III. BOND INCOME - Next 12 Months

September	\$12,153
October	\$21,100
November	\$8,560
December	\$20,220
January	\$23,340
February	\$35,363
March	\$12,153
April	\$21,100
May	\$8,535
June	\$20,220
July	\$23,319
August	\$35,363

Total **\$241,425**

IV. BOND DISTRIBUTIONS

AVG. LIFE / MAT.	
Less than 5 Yrs	72.53%
5 To 10 Yrs	27.47%
10 To 15 Yrs	0.00%
15 To 20 Yrs	0.00%
More Than 20 Yrs	0.00%
CALLABLE	
MBS	0.00%
Not Callable	2.86%
Less Than 2 Yrs	97.14%
2 To 5 Yrs	0.00%
5 To 10 Yrs	0.00%
More Than 10 Yrs	0.00%
DURATION	
Less than 5 Yrs	74.39%
5 To 10 Yrs	25.61%
10 To 15 Yrs	0.00%
15 To 20 Yrs	0.00%
More Than 20 Yrs	0.00%
PRODUCT	
Agency	99.60%
Treasury	0.40%

V. BOND PRINCIPAL SCHEDULE

2005	\$297,000
2006	\$700,000
2007	\$1,090,000
2008	\$1,825,000
2009	\$1,158,000
2010	\$1,280,000
2011	\$510,000
2012	\$130,000
Total	\$6,990,000

VI. BOND RATING DISTRIBUTION

Agency	99.60%
Govt	0.40%

NOTES

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PORTFOLIO DETAIL

Quantity	Issuer	Type	Rating	Coupon	Maturity	Yrs to Mat.	Price	Yt Worst	Current Yield	Call Date/Price	Total
\$ 100,000	Fedl Home Ln Bk	Agency	Agency	2.070%	11/10/2005	1.250	99.76	2.27%	2.08%	09/10/04 100.00	\$100,308
\$ 150,000	Fedl Home Ln Bk	Agency	Agency	2.000%	11/21/2005	1.250	99.64	2.29%	2.01%	08/21/04 100.00	\$150,163
\$ 47,000	FICO	Agency	Agency	0.000%	12/27/2005	1.333	95.85	3.13%	0.00%		\$45,051
\$ 50,000	Fedl Home Ln Mtg	Agency	Agency	2.000%	06/09/2006	1.833	98.78	2.69%	2.02%	09/09/04 100.00	\$49,577
\$ 230,000	Fedl Home Ln Bk	Agency	Agency	2.500%	08/14/2006	2.000	99.47	2.77%	2.51%	11/14/04 100.00	\$228,820
\$ 390,000	Fedl Home Ln Bk	Agency	Agency	2.200%	12/26/2006	2.333	98.27	2.96%	2.24%	09/26/04 100.00	\$384,462
\$ 30,000	Fedl Home Ln Bk	Agency	Agency	2.250%	12/26/2006	2.333	98.39	2.96%	2.29%	09/26/04 100.00	\$29,610
\$ 100,000	Fedl Home Ln Mtg	Agency	Agency	4.500%	05/03/2007	2.750	101.85	1.88%	[c] 4.42%	05/03/05 100.00	\$103,133
\$ 120,000	Fedl Home Ln Bk	Agency	Agency	2.000%	05/11/2007	2.750	100.04	1.82%	[c] 2.00%	11/11/04 100.00	\$120,684
\$ 300,000	Fedl Home Ln Bk	Agency	Agency	3.000%	05/14/2007	2.750	99.61	3.15%	3.01%	11/14/04 100.00	\$301,144
\$ 200,000	Fedl Home Ln Bk	Agency	Agency	3.240%	08/20/2007	3.000	99.85	3.29%	3.24%	08/20/04 100.00	\$202,862
\$ 200,000	Fedl Home Ln Bk	Agency	Agency	2.125%	08/20/2007	3.000	100.01	1.21%	[c] 2.12%	08/20/04 100.00	\$202,102
\$ 170,000	Fedl Home Ln Bk	Agency	Agency	3.750%	08/27/2007	3.000	100.08	1.11%	[c] 3.75%	08/27/04 100.00	\$173,129
\$ 1,000,000	Fedl Home Ln Bk	Agency	Agency	2.250%	06/30/2008	3.833	98.26	2.73%	2.29%	09/30/04 100.00	\$985,477
\$ 295,000	Fedl Home Ln Bk	Agency	Agency	4.000%	08/25/2008	4.000	100.07	1.18%	[c] 4.00%	08/25/04 100.00	\$300,812
\$ 230,000	Fedl Natl Mtg Asn	Agency	Agency	4.420%	09/17/2008	4.083	100.27	1.26%	[c] 4.41%	09/17/04 100.00	\$234,839
\$ 300,000	Fedl Home Ln Bk	Agency	Agency	5.200%	10/22/2008	4.167	100.70	1.35%	[c] 5.16%	10/22/04 100.00	\$307,029
\$ 330,000	Fedl Home Ln Bk	Agency	Agency	3.500%	01/23/2009	4.417	98.90	3.77%	3.54%	10/23/04 100.00	\$327,114
\$ 58,000	FICO	Agency	Agency	0.000%	02/03/2009	4.500	84.75	3.74%	0.00%		\$49,154
\$ 22,000	FICO	Agency	Agency	0.000%	03/07/2009	4.583	82.61	4.24%	0.00%		\$18,175
\$ 39,000	FICO	Agency	Agency	0.000%	04/05/2009	4.667	82.68	4.14%	0.00%		\$32,245
\$ 34,000	UST Strip	Treasury	Govt	0.000%	04/15/2009	4.667	83.20	3.98%	0.00%		\$28,287
\$ 130,000	Fedl Home Ln Bk	Agency	Agency	5.500%	06/10/2009	4.833	102.86	1.95%	[c] 5.35%	06/10/05 100.00	\$135,023
\$ 330,000	Fedl Home Ln Bk	Agency	Agency	3.125%	07/10/2009	4.917	96.41	3.94%	3.24%	10/10/04 100.00	\$319,189

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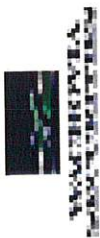
PORTFOLIO DETAIL

Quantity	Issuer	Type	Rating	Coupon	Maturity	Yrs to Mat.	Price	YTWorst	Current Yield	Call Date/Price	Total
\$ 215,000	Fed Home Ln Bk	Agency	Agency	3.000%	08/13/2009	5.000	100.25	2.48%	[c]	2.99%	02/13/05 100.00 \$215,591
\$ 30,000	Fed Natl Mtg Asn	Agency	Agency	7.500%	02/02/2010	5.500	102.68	1.64%	[c]	7.30%	02/02/05 100.00 \$30,893
\$ 20,000	Fed Natl Mtg Asn	Agency	Agency	4.250%	05/20/2010	5.750	100.09	3.86%	[c]	4.25%	11/20/04 100.00 \$20,221
\$ 100,000	Fed Natl Mtg Asn	Agency	Agency	4.250%	05/13/2010	5.750	100.10	3.79%	[c]	4.25%	11/13/04 100.00 \$101,194
\$ 300,000	Fed Home Ln Bk	Agency	Agency	4.100%	07/30/2010	5.917	99.35	4.22%	[c]	4.13%	10/30/04 100.00 \$298,609
\$ 350,000	Fed Home Ln Bk	Agency	Agency	3.500%	08/13/2010	6.000	100.19	2.68%	[c]	3.49%	11/13/04 100.00 \$350,753
\$ 280,000	Fed Natl Mtg Asn	Agency	Agency	5.050%	09/15/2010	6.083	100.32	1.05%	[c]	5.03%	09/15/04 100.00 \$286,819
\$ 200,000	Fed Home Ln Bk	Agency	Agency	4.750%	10/22/2010	6.167	100.60	1.45%	[c]	4.72%	10/22/04 100.00 \$204,202
\$ 100,000	Fed Home Ln Bk	Agency	Agency	5.375%	07/01/2011	6.917	102.78	2.15%	[c]	5.23%	07/01/05 100.00 \$103,454
\$ 100,000	Fed Home Ln Mtg	Agency	Agency	6.120%	08/23/2011	7.000	100.09	1.45%	[c]	6.11%	08/23/04 100.00 \$103,031
\$ 300,000	Fed Home Ln Bk	Agency	Agency	5.550%	10/18/2011	7.167	100.72	1.34%	[c]	5.51%	10/18/04 100.00 \$307,618
\$ 10,000	Fed Natl Mtg Asn	Agency	Agency	4.500%	10/03/2011	7.167	99.71	4.55%	[c]	4.51%	08/23/04 100.00 \$10,137
\$ 80,000	Fed Natl Mtg Asn	Agency	Agency	6.000%	01/18/2012	7.417	101.83	1.63%	[c]	5.89%	01/18/05 100.00 \$81,835
\$ 40,000	Fed Home Ln Bk	Agency	Agency	5.750%	07/06/2012	7.917	101.61	1.57%	[c]	5.66%	01/06/05 100.00 \$40,899
\$ 10,000	Fed Home Ln Bk	Agency	Agency	5.350%	12/24/2012	8.333	100.04	4.76%	[c]	5.35%	09/16/04 100.00 \$10,081

[f] indicates Pre-Refunded. [c] indicates Yield-to-Call was used.

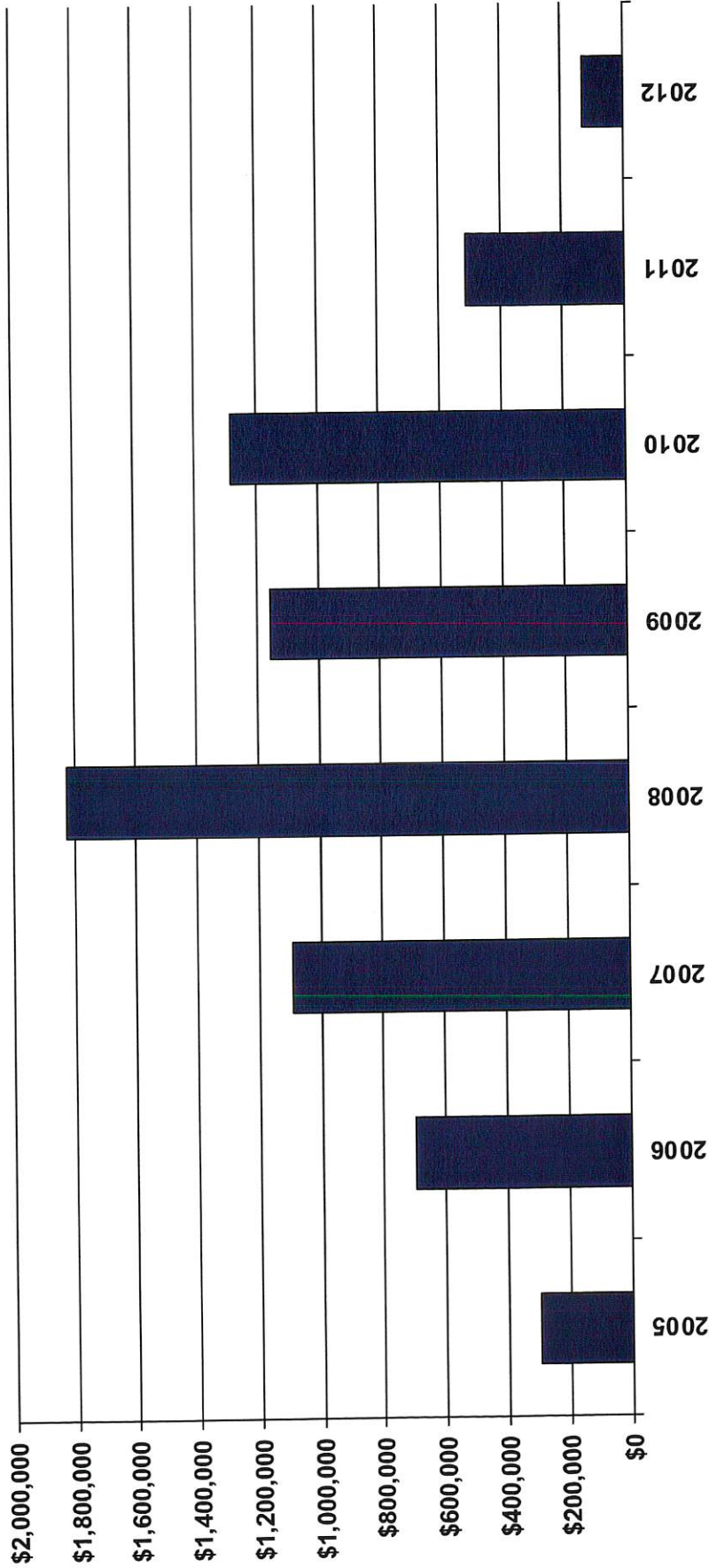
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MATURITY DISTRIBUTION

Maturity Distribution

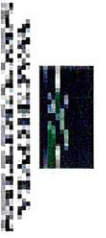


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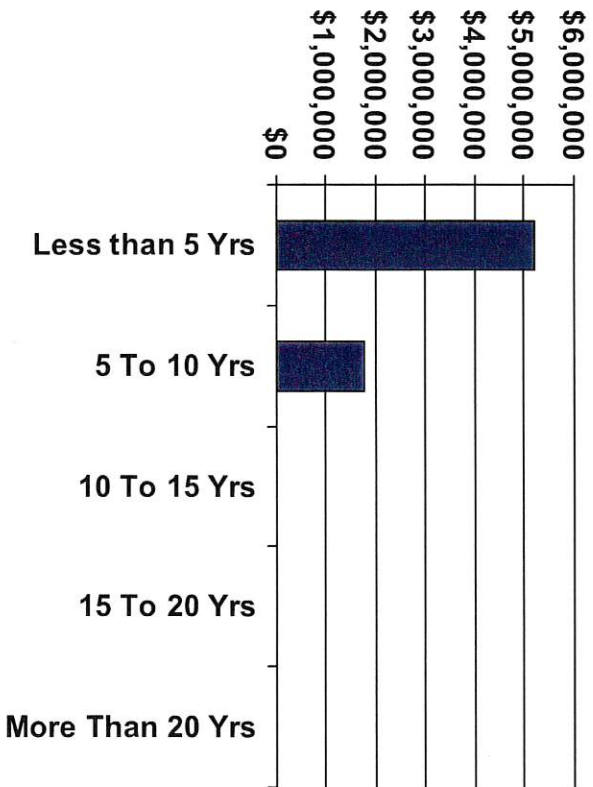
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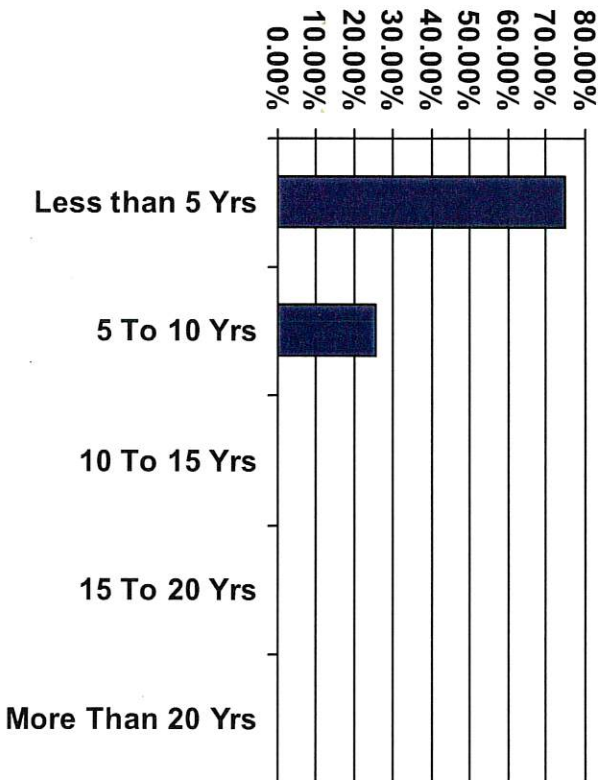


DURATION DISTRIBUTION

Duration Distribution



% Duration Distribution

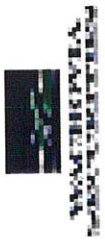


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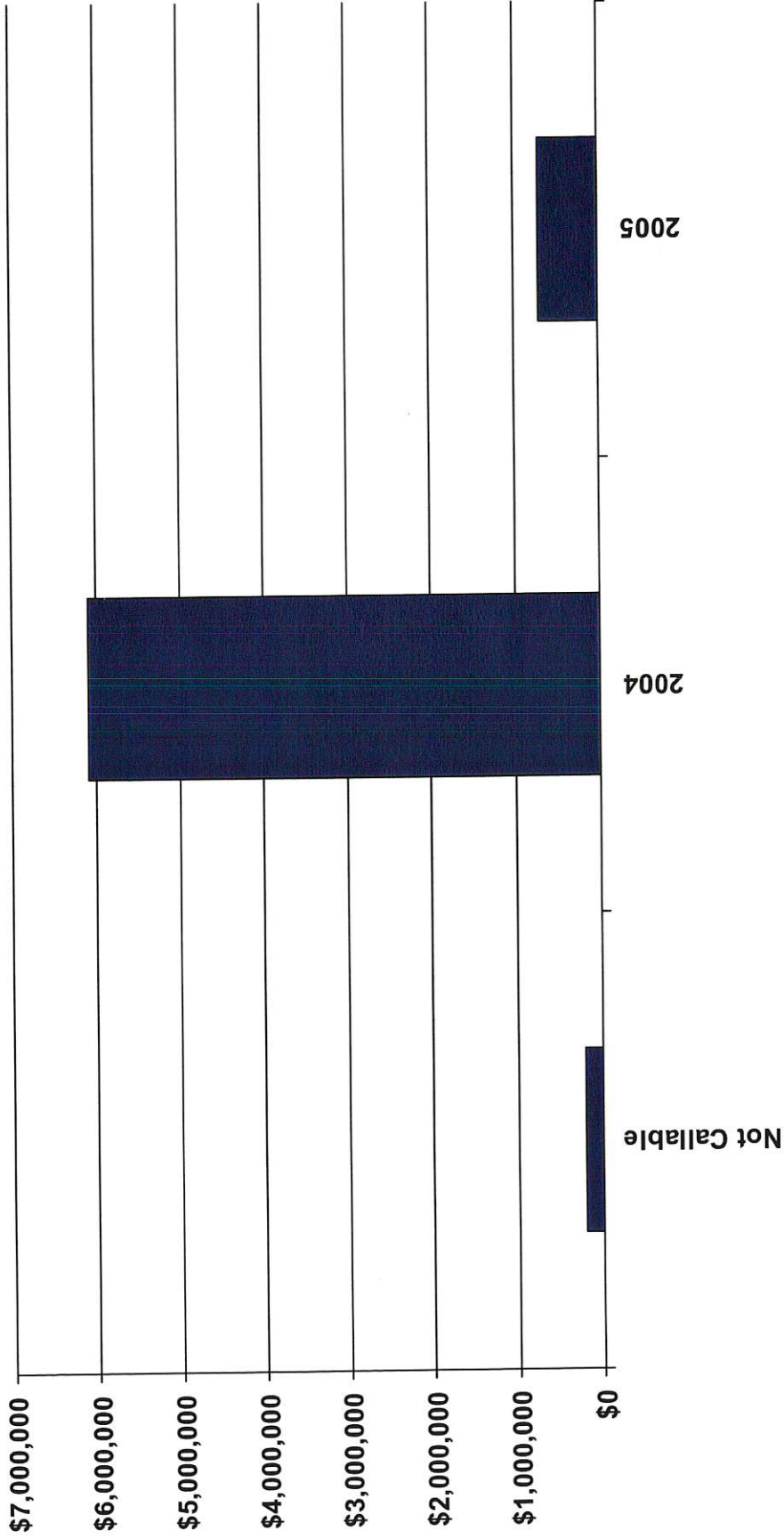
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CALLABLE DISTRIBUTION

Callable Distribution



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OTIIEK SECURITIES

Bonds

Quantity	Description	Value
125000	Fedl Home Ln Bk 2.52% '06 (Called 3/22/04 @100)	\$125,000
180000	Fedl Home Ln Mtg 5.25% '09 (Called 3/18/04 @100)	\$180,000
75000	Fedl Home Ln Mtg 5.75% '09 (Called 4/29/04 @100)	\$75,000
30000	Fedl Home Ln Mtg 4.00% '06 (Called 8/2/04 @100)	\$30,000
Total Bonds:		\$410,000

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Page 1 of 1 Ref. ID#: 17738

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INTEREST INCOME SCHEDULE

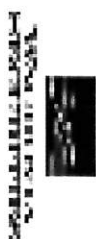
Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
Sep 2004						
Fedl Natl Mtg Asn	5.050%	9/15/2010	Agency	280,000	15	\$7,070
Fedl Natl Mtg Asn	4.420%	9/17/2008	Agency	230,000	17	\$5,083
Total Existing Interest Income for Sep 2004 :						\$12,153
Oct 2004						
Fedl Natl Mtg Asn	4.500%	10/3/2011	Agency	10,000	3	\$225
Fedl Home Ln Bk	5.550%	10/18/2011	Agency	300,000	18	\$8,325
Fedl Home Ln Bk	4.750%	10/22/2010	Agency	200,000	22	\$4,750
Fedl Home Ln Bk	5.200%	10/22/2008	Agency	300,000	22	\$7,800
Total Existing Interest Income for Oct 2004 :						\$21,100
Nov 2004						
Fedl Home Ln Mtg	4.500%	5/3/2007	Agency	100,000	3	\$2,263
Fedl Home Ln Bk	2.070%	11/10/2005	Agency	100,000	10	\$1,041
Fedl Home Ln Bk	2.000%	5/11/2007	Agency	120,000	11	\$1,207
Fedl Natl Mtg Asn	4.250%	5/13/2010	Agency	100,000	13	\$2,125
Fedl Natl Mtg Asn	4.250%	5/20/2010	Agency	20,000	20	\$425
Fedl Home Ln Bk	2.000%	11/21/2005	Agency	150,000	21	\$1,500
Total Existing Interest Income for Nov 2004 :						\$8,560

Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
Dec 2004						
Fedl Home Ln Mtg	2.000%	6/9/2006	Agency	50,000	9	\$500
Fedl Home Ln Bk	5.500%	6/10/2009	Agency	130,000	10	\$3,575
Fedl Home Ln Bk	5.350%	12/24/2012	Agency	10,000	24	\$268
Fedl Home Ln Bk	2.250%	12/26/2006	Agency	30,000	26	\$338
Fedl Home Ln Bk	2.200%	12/26/2006	Agency	390,000	26	\$4,290
Fedl Home Ln Bk	2.250%	6/30/2008	Agency	1,000,000	30	\$11,250
Total Existing Interest Income for Dec 2004 :						\$20,220
Jan 2005						
Fedl Home Ln Bk	5.375%	7/1/2011	Agency	100,000	1	\$2,702
Fedl Home Ln Bk	5.750%	7/6/2012	Agency	40,000	6	\$1,156
Fedl Home Ln Bk	3.125%	7/10/2009	Agency	330,000	10	\$5,156
Fedl Natl Mtg Asn	6.000%	1/18/2012	Agency	80,000	18	\$2,400
Fedl Home Ln Bk	3.500%	1/23/2009	Agency	330,000	23	\$5,775
Fedl Home Ln Bk	4.100%	7/30/2010	Agency	300,000	30	\$6,150
Total Existing Interest Income for Jan 2005 :						\$23,340

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INTEREST INCOME SCHEDULE

Issuer Coupon Maturity Type Qty Date Interest Paid Payment

Feb 2005

Fedl Natl Mtg Asn	7.500%	2/2/2010	Agency	30,000	2	\$1,125
Fedl Home Ln Bk	3.000%	8/13/2009	Agency	215,000	13	\$3,225
Fedl Home Ln Bk	3.500%	8/13/2010	Agency	350,000	13	\$6,125
Fedl Home Ln Bk	2.500%	8/14/2006	Agency	230,000	14	\$2,875
Fedl Home Ln Bk	3.000%	5/14/2007	Agency	300,000	14	\$4,500
Fedl Home Ln Bk	2.125%	8/20/2007	Agency	200,000	20	\$2,125
Fedl Home Ln Bk	3.240%	8/20/2007	Agency	200,000	20	\$3,240
Fedl Home Ln Mtg	6.120%	8/23/2011	Agency	100,000	23	\$3,060
Fedl Home Ln Bk	4.000%	8/25/2008	Agency	295,000	25	\$5,900
Fedl Home Ln Bk	3.750%	8/27/2007	Agency	170,000	27	\$3,188

Total Existing Interest Income for Feb 2005 : \$35,363

Mar 2005

Fedl Natl Mtg Asn	5.050%	9/15/2010	Agency	280,000	15	\$7,070
Fedl Natl Mtg Asn	4.420%	9/17/2008	Agency	230,000	17	\$5,083

Total Existing Interest Income for Mar 2005 : \$12,153

Issuer Coupon Maturity Type Qty Date Interest Paid Payment

Apr 2005

Fedl Natl Mtg Asn	4.500%	10/3/2011	Agency	10,000	3	\$225
Fedl Home Ln Bk	5.550%	10/18/2011	Agency	300,000	18	\$8,325
Fedl Home Ln Bk	4.750%	10/22/2010	Agency	200,000	22	\$4,750
Fedl Home Ln Bk	5.200%	10/22/2008	Agency	300,000	22	\$7,800

Total Existing Interest Income for Apr 2005 : \$21,100

May 2005

Fedl Home Ln Mtg	4.500%	5/3/2007	Agency	100,000	3	\$2,250
Fedl Home Ln Bk	2.070%	11/10/2005	Agency	100,000	10	\$1,035
Fedl Home Ln Bk	2.000%	5/11/2007	Agency	120,000	11	\$1,200
Fedl Natl Mtg Asn	4.250%	5/13/2010	Agency	100,000	13	\$2,125
Fedl Natl Mtg Asn	4.250%	5/20/2010	Agency	20,000	20	\$425
Fedl Home Ln Bk	2.000%	11/21/2005	Agency	150,000	21	\$1,500

Total Existing Interest Income for May 2005 : \$8,535

This does not constitute an offer to sell or a solicitation to buy securities except where specifically indicated by color coding (see legend). Actual prices bid/offered for securities may differ considerably from those shown. Price and anticipated income information are provided only as a general guide; there is no guarantee that actual performance will closely approximate the performance shown. Tax implications arising from security transactions should be discussed with a qualified tax advisor. Call features may exist for some securities that could affect the maturing principal schedule and/or yield calculations. Investment products and services offered through either Wachovia Securities, LLC, member NYSE/SIPC, or Wachovia Securities Financial Network, LLC, member NASD/SIPC. Each broker-dealer is a separate non-bank affiliate of Wachovia Corporation. Prudential Securities is a division of Wachovia Securities, LLC. Securities and Insurance Products: Not Insured by FDIC or Any Federal Government Agency May Lose Value Not a Deposit of or Guaranteed by a Bank or Any Bank Affiliate.



INTEREST INCOME SCHEDULE

Issuer	Coupon	Maturity Type	Qty	Date Paid	Interest Payment
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Jun 2005

Fedl Home Ln Mtg	2.000%	6/9/2006	Agency	50,000	9	\$500
Fedl Home Ln Bk	5.500%	6/10/2009	Agency	130,000	10	\$3,575
Fedl Home Ln Bk	5.350%	12/24/2012	Agency	10,000	24	\$268
Fedl Home Ln Bk	2.250%	12/26/2006	Agency	30,000	26	\$338
Fedl Home Ln Bk	2.200%	12/26/2006	Agency	390,000	26	\$4,290
Fedl Home Ln Bk	2.250%	6/30/2008	Agency	1,000,000	30	\$11,250

Total Existing Interest Income for Jun 2005 :

\$20,220

Jul 2005

Fedl Home Ln Bk	5.375%	7/1/2011	Agency	100,000	1	\$2,688
Fedl Home Ln Bk	5.750%	7/6/2012	Agency	40,000	6	\$1,150
Fedl Home Ln Bk	3.125%	7/10/2009	Agency	330,000	10	\$5,156
Fedl Natl Mtg Asn	6.000%	1/18/2012	Agency	80,000	18	\$2,400
Fedl Home Ln Bk	3.500%	1/23/2009	Agency	330,000	23	\$5,775
Fedl Home Ln Bk	4.100%	7/30/2010	Agency	300,000	30	\$6,150

Total Existing Interest Income for Jul 2005 :

\$23,319

Issuer	Coupon	Maturity Type	Qty	Date Paid	Interest Payment
--------	--------	---------------	-----	-----------	------------------

Aug 2005

Fedl Natl Mtg Asn	7.500%	2/2/2010	Agency	30,000	2	\$1,125
Fedl Home Ln Bk	3.000%	8/13/2009	Agency	215,000	13	\$3,225
Fedl Home Ln Bk	3.500%	8/13/2010	Agency	350,000	13	\$6,125
Fedl Home Ln Bk	2.500%	8/14/2006	Agency	230,000	14	\$2,875
Fedl Home Ln Bk	3.000%	5/14/2007	Agency	300,000	14	\$4,500
Fedl Home Ln Bk	2.125%	8/20/2007	Agency	200,000	20	\$2,125
Fedl Home Ln Bk	3.240%	8/20/2007	Agency	200,000	20	\$3,240
Fedl Home Ln Mtg	6.120%	8/23/2011	Agency	100,000	23	\$3,060
Fedl Home Ln Bk	4.000%	8/25/2008	Agency	295,000	25	\$5,900
Fedl Home Ln Bk	3.750%	8/27/2007	Agency	170,000	27	\$3,188

Total Existing Interest Income for Aug 2005 :

\$35,363

08/11/2004

Refer to the attached page "General Notes" - report is incomplete unless "General Notes" are attached.

Page 3 of 3

Ref. ID#: 17738

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UTAH COUNTIES INSURANCE POOL

Financial Statements
and
Accountants' Compilation Report

July 31, 2004

DRAFT

ACCOUNTANTS' COMPILATION REPORT

The Board of Trustees
Utah Counties Insurance Pool

We have compiled the accompanying balance sheet of **Utah Counties Insurance Pool** as of July 31, 2004, and the related statements of revenue, expenses, and changes in net assets and cash flows for the seven months then ended and the accompanying supplementary schedules, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Sandy, Utah
August 18, 2004

UTAH COUNTIES INSURANCE POOL

Balance Sheet

July 31, 2004

ASSETS

Current assets:

Cash and cash equivalents \$ 2,135,316

Receivables:

Accounts receivable \$ 402

Accrued restricted investment income receivable 12,573

Accrued investment income receivable 68,140

Total receivables 81,115

Prepaid expenses:

Prepaid brokerage fee 44,697

Prepaid reinsurance 619,376

Total prepaid expenses 664,073

Total current assets 2,880,504

Investments:

Restricted - WC Insurance 1,113,042

Restricted - CRL equity investment 201,707

Unrestricted 7,031,695

Total investments 8,346,444

Capital assets, net of accumulated

depreciation of \$6,758 87,013

Total assets \$ 11,313,961

The accompanying notes to financial statements
are an integral part of these statements

See accountants' compilation report

LIABILITIES AND NET ASSETS

Current liabilities:

Reserves for loss and loss adjustment expenses	\$ 3,166,016
Pass through premium	782
Accounts payable	59,503
Payroll liabilities	10,802
Compensated absences payable	22,961
Unearned premium	<u>2,324,039</u>
Total current liabilities	<u>5,584,103</u>
Total liabilities	<u>5,584,103</u>

Net assets:

Invested in capital assets	\$ 87,013
Unrestricted	5,490,575
Restricted for:	
Auto	48,420
Building debt service	77,495
Building repairs and maintenance	<u>26,355</u>
Total net assets	<u>5,729,858</u>
Total liabilities and net assets	<u><u>\$ 11,313,961</u></u>

UTAH COUNTIES INSURANCE POOL
Statement of Revenue, Expenses, and Changes in Net Assets
For the Seven Months Ended July 31, 2004

Income:		
Premiums and other considerations	\$ 2,760,588	
Investment income	167,661	
Investment income - restricted	13,055	
Realized gain (loss) on investments	(15,237)	
Miscellaneous income	24,732	
Total income		<u>\$ 2,950,799</u>
Benefits:		
Losses and loss adjustment expenses	1,601,435	
Reinsurance expense	837,123	
Total benefits		<u>2,438,558</u>
Administration expenses:		
Accounting	10,348	
Actuary	4,000	
Auto expense	2,912	
Auto reserve	20,000	
Bank charges	63	
Board expense	21,595	
Bond requirement WC	37,500	
Brokerage expense	60,303	
Building - maintenance	11,040	
Building - repairs & replacement	5,647	
Building - reserve	17,260	
Capitalization costs - CRL	201,707	
Copying	917	
Depreciation	6,758	
Dues & subscriptions	3,318	
Exhibitions & sponsorships	6,385	
Fees & licensing	1,200	
Insurance	3,708	
Information technology	8,531	
Lease purchase (debt service)	30,511	
Lobbying & legislative tracking	10,025	
Loss control - training	15,698	
Office equipment	186	
Office supplies	4,005	
Pass through - airport liability	15,117	
Postage	1,575	
Premium credits & incentives	380	
Printing	544	
Professional fees	19,518	
Staff expenses	298,620	
Telephone	3,419	
Total administration expenses		<u>822,790</u>
Less increase in restricted net asset reserves		<u>(42,894)</u>
Less purchase of CRL investment		<u>(201,707)</u>
Total benefits and expenses		<u>3,016,747</u>
Change in net assets, unrestricted		<u>(65,948)</u>
Net assets, beginning of period		<u>5,795,806</u>
Net assets, end of period		<u><u>\$ 5,729,858</u></u>

The accompanying notes to financial statements
are an integral part of these statements

See accountants' compilation report

UTAH COUNTIES INSURANCE POOL

Statement of Cash Flows
For the Seven Months Ended July 31, 2004

Cash flows from operating activities:

Premiums collected	\$ 4,407,245
Reinsurance paid	(1,386,349)
Amounts withheld for others	105,957
Losses and loss adjustment expenses paid	(1,557,895)
Operating expenses paid	<u>(864,035)</u>

Net cash provided by operating activities 704,923

Cash flows from capital and related financing activities:

Increase in reserves	\$ (42,894)
Purchase of capital assets	<u>(88,932)</u>

Net cash used by capital and related financing activities (131,826)

Cash flows from investing activities:

Purchase of investments	(2,275,020)
Proceeds from sale of investments	2,675,000
Interest on investments	<u>187,634</u>

Net cash provided by investing activities 587,614

Net increase in cash and cash equivalents 1,160,711

Cash and cash equivalents at beginning of period 974,605

Cash and cash equivalents at end of period \$ 2,135,316

The accompanying notes to financial statements
are an integral part of these statements

See accountants' compilation report

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets		\$ (65,948)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	\$ 6,758	
Interest received on investments	(187,634)	
Amortization of investments	4,113	
Realized loss on investments	15,237	
Increase in reserves	42,894	
Changes in assets and liabilities:		
Decrease in accounts receivable	1,296	
Decrease in accrued investment income	2,805	
Increase in prepaid expenses	(664,073)	
Increase in unearned premium	2,324,039	
Increase in pass through premiums	512	
Increase in accounts payable	23,951	
Decrease in premiums paid in advance	(597,965)	
Decrease in unpaid loss	(201,062)	
Total adjustments		<u>770,871</u>
Net cash flows provided by operating activities		<u>\$ 704,923</u>

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an interlocal entity formed under section 11.13.101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the interlocal agreement that creates UCIP. The Pool provides general liability insurance which covers public officials' liability, law enforcement liability, auto liability and physical damage, property, and crime. As of January 1, 2004, the Pool began providing Workers' Compensation insurance which covers the statutory obligations for employers for Workers' Compensation insurance under the laws of the State of Utah. All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Pool include the reserves for losses and loss adjustment expenses.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

Investments

Investments are comprised of various U.S. Government securities. Investments in U.S. Government securities for July 31, 2004 consist of held-to-maturity securities.

Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investment in County Reinsurance, Limited (CRL) is valued using the equity method of accounting. Under the equity method, the Pool recognizes its share in the net earnings or losses of the company as they occur rather than as dividends are received.

Restricted Investments

The investment that is restricted for Workers' Compensation is a bond that is pledged for the Workers' Compensation self-insurers' bond that the Pool was required to post with the Labor Commission to receive their self-insurers' permit.

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Investments (Continued)

The investment that is restricted for CRL is equity in CRL that the Pool may not access until it has been a member of CRL for at least five years. The Pool's membership in CRL began January 1, 2004. The equity is capital that CRL is required to maintain under Vermont law.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from 3 to 5 years.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable. The amount accrued as of July 31, 2004 was **\$22,961**.

2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$1,845,809** for the month ended July 31, 2004.

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

3. REINSURANCE

The Pool has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Pool has purchased reinsurance to protect against losses above these limits.

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Pool's policyholder surplus.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

Statutory Limits – Worker's Compensation

Effective 2004, the Pool reinsures Worker's Compensation to statutory limits above the \$300,000 self-insured retention. County Reinsurance, Limited (CRL) provides a layer of coverage \$1,700,000 excess of \$300,000 self-insured retention. Safety National reinsures to statutory limits above the \$2,000,000 provided by CRL.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at July 31, 2004 included the following:

Cash on deposit	\$ 243,232
Money market fund	46,275
Utah Public Treasurers' Investment Fund - held by the Pool	<u>1,845,809</u>
Total	<u><u>\$ 2,135,316</u></u>

The Pool is required to follow the requirements of the Utah Money Management Act, Section 51-7-1, *Utah Code Annotated, 1953* as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Pool was in compliance with the Utah Money Management Act during the month ended July 31, 2004.

The Pool maintains several bank accounts at the same financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of July 31, 2004 the Pool had amounts in excess of FDIC insurance limit of \$198,140.

5. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 1.70% for the month ended July 31, 2004.

6. RELATED PARTY TRANSACTIONS

The Pool pays UAC quarterly for building maintenance, office supplies, DSL lines, etc. The Pool also pays UAC for its portion of the building. Amounts payable to UAC as of July 31, 2004 amounted to **\$30,511**.

Both the Pool and UAC have agreed that the Pool has an equity interest in the building, but no formal agreement has been signed as to the specifics of the Pool's equity interest in the building.

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

7. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

8. INVESTMENTS

The carrying amounts of investments and their fair values at July 31, 2004 were as follows:

	Cost / Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government bonds	\$ 7,031,695	\$ 2,908	\$ (112,680)	\$ 6,921,923
Restricted government bonds	1,113,042	-	(11,980)	1,101,062
Restricted equity investment	201,707	-	-	201,707
Total investments	\$ 8,346,444	\$ 2,908	\$ (124,660)	\$ 8,224,692

9. RETIREMENT PLAN

The retirement plan for employees of the Pool is funded by the Pool. The employees are covered under the multiple-employer, public employee retirement systems administered by the Utah Retirement System. This plan is noncontributory and includes a 401(k) plan.

The Pool contributes 11.09% under a pension plan and 8.54% of employee's salaries under a 401(k) plan. The Pool's employees are also covered under a 457 plan administered by Nationwide Retirement Solutions for which the Pool contributes 4.3% of employee's salaries.

The total retirement expense for the Pool for the seven months ended July 31, 2004 was **\$41,566**.

SUPPLEMENTARY SCHEDULES

DRAFT

UTAH COUNTIES INSURANCE POOL
 Liability Budget to Actual Comparison
 For the Seven Months Ended July 31, 2004

	2004 Budget	Y-T-D Actual	Budget Remaining	Percent Complete
Income:				
Premiums and other considerations	4,235,916	2,321,833	(1,914,083)	55%
Investment income	250,000	167,661	(82,339)	67%
Realized gain (loss) on investments	-	(15,237)	(15,237)	0%
Miscellaneous income	-	9,615	9,615	0%
Total income	4,485,916	2,483,872	(2,002,044)	55%
Benefits:				
Losses and loss adjustment expenses	2,290,464	1,336,104	954,360	58%
Reinsurance expense	1,200,316	716,298	484,018	60%
Total benefits	3,490,780	2,052,402	1,438,378	59%
Administration expenses:				
Accounting (Larson & Company)	18,700	10,347	8,353	55%
Actuarial Analysis (BYNAC)	8,500	4,000	4,500	47%
Automobile Expense	6,090	2,912	3,178	48%
Automobile Reserve	16,240	16,240	-	100%
Bank fees	100	52	48	52%
Brokerage Fees (Arthur J. Gallagher)	80,000	46,667	33,333	58%
Board Expense	22,736	21,595	1,141	95%
Building: Maintenance	12,000	11,040	960	0%
Building: Repairs & Replacement	5,634	5,647	(13)	100%
Building: Reserve	17,260	17,260	-	100%
Capitalization Costs - CRL	145,846	149,585	(3,739)	103%
Copying Costs	1,200	917	283	76%
Depreciation	-	6,758	(6,758)	0%
Dues / Subscriptions	3,500	3,318	182	95%
Exhibiting and Sponsorship	8,120	6,385	1,735	79%
Fees & Licensing	-	1,200	(1,200)	0%
Incentives	4,060	380	3,680	9%
Information Technology	64,000	8,531	55,469	13%
Insurance	5,500	3,356	2,144	0%
Lease Purchase (Debt Service)	70,000	30,511	39,489	44%
Lobbying & Legislative Tracking	8,120	10,025	(1,905)	123%
Loss Control / Training	14,000	15,698	(1,698)	112%
Office Equipment	30,000	186	29,814	1%
Office Supplies	7,500	4,005	3,495	53%
Postage	1,500	1,575	(75)	0%
Printing	2,000	544	1,456	27%
Professional Fees	15,000	19,518	(4,518)	130%
Staff Expenses	30,000	18,436	11,564	61%
Staff Salaries	258,626	165,216	93,410	64%
Staff Retirement	60,586	37,455	23,131	62%
Staff FICA	21,895	13,057	8,838	60%
Staff Medical Insurance	50,923	35,577	15,346	70%
Telephone	5,500	3,419	2,081	62%
Total administration expenses	995,136	671,412	323,724	67%
Less purchase of CRL investment	-	(149,585)	149,585	
Less increase in restricted net asset reserves	-	(39,134)	39,134	
Total benefits and expenses	995,136	2,535,095	1,950,821	
Decrease in net assets, unrestricted	-	(51,223)	(51,223)	

Note:

This year is 58% complete

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Changes in Net Assets by Policy Year - Liability
For the Month Ended July 31, 2004

	Policy Year													Total
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Premiums and other considerations	-	-	-	-	-	-	-	-	-	-	-	-	344,689	344,689
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	22,700	22,700
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	(30)	(30)
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	-	367,359	367,359
Benefits:														
Losses and allocated expenses paid	-	2,535	3,151	1,489	-	4,487	25,702	87	(52,642)	20,913	19,654	63,717	378,252	487,325
Case reserves	-	-	-	(1,489)	-	5,533	(25,700)	(4,614)	52,642	19,098	21,342	96,093	317,895	490,588
Incurred but not reported	-	-	-	-	-	(10,000)	(1)	4,527	-	(39,869)	(40,898)	(150,810)	(514,725)	(761,004)
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Under excess policy	-	(2,535)	(3,151)	-	-	-	-	-	-	-	-	-	-	(5,686)
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	102,330	102,330
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	9,650	9,650
Total benefits	-	-	-	-	-	-	-	-	-	-	-	-	203,202	293,202
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	448	448
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	0,067	0,067
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	3,422	3,422
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	1,190	1,190
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	1,454	1,454
Exhibiting & Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	512	512
Fees & Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	4,359	4,359
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	-	4,328	4,328
Lobbying & Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	717	717
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	326	326
Postage	-	-	-	-	-	-	-	-	-	-	-	-	84	84
Printing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	3,593	3,593
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	20,488	20,488
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	6,372	6,372
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	2,077	2,077
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	4,876	4,876
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	864	864
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	67,748	67,748
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	-	67,748	67,748
Less purchase of CRL Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-	-	-	360,950	380,950
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	6,409	6,409
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	-	6,409	6,409

See accompanying notes to financial statements and accountants' compilation report

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Change in Net Assets - Policy Year - Liability (Continued)
For the Seven Months Ended July 31, 2004

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Earned premium	-	-	-	-	-	-	-	-	-	-	-	-	2,321,833	2,321,833
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	167,661	167,661
Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain/loss on investments	-	-	-	-	-	-	-	-	-	-	-	-	(15,237)	(15,237)
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	-	2,483,872	2,483,872
Benefits:														
Losses and allocated expenses paid	(231,256)	(84,458)	(3,856)	27,723	150,516	193,283	295,189	1,465,099	277,782	190,915	1,482,328	4,892,015	655,035	9,470,231
Case reserves	-	-	-	-	-	-	-	-	-	-	-	-	2,093,927	2,093,927
Incurred but not reported	-	-	-	-	-	-	-	-	-	-	-	-	(853,466)	(11,286,256)
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	231,256	(84,458)	3,856	-	-	-	-	-	-	-	-	-	-	150,954
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	10,268
Total benefits	-	-	-	-	-	-	-	-	-	-	-	-	2,052,402	2,052,402
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	10,347	10,347
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	2,912	2,912
Bond/Expense Reserve	-	-	-	-	-	-	-	-	-	-	-	-	16,240	16,240
Broker Fees	-	-	-	-	-	-	-	-	-	-	-	-	52	52
Broker Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	46,667	46,667
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	21,595	21,595
Bond Requirement WC	-	-	-	-	-	-	-	-	-	-	-	-	11,040	11,040
Building - Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	5,647	5,647
Building - Renairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	17,260	17,260
Building - Reserve	-	-	-	-	-	-	-	-	-	-	-	-	149,585	149,585
Capitalization Costs - CRL	-	-	-	-	-	-	-	-	-	-	-	-	917	917
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	3,318	3,318
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	6,385	6,385
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	1,200	1,200
Exhibiting & Sponsorships	-	-	-	-	-	-	-	-	-	-	-	-	380	380
Fees & Licensing	-	-	-	-	-	-	-	-	-	-	-	-	8,531	8,531
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	3,356	3,356
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Purchase (Dart Service)	-	-	-	-	-	-	-	-	-	-	-	-	30,511	30,511
Lobbying & Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	10,025	10,025
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	15,668	15,668
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	188	188
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	4,005	4,005
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	-	1,575	1,575
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	-	-	-	544	544
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	19,518	19,518
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	18,436	18,436
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	165,216	165,216
Staff Payroll - misc	-	-	-	-	-	-	-	-	-	-	-	-	37,455	37,455
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	13,057	13,057
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	35,577	35,577
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	3,419	3,419
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	671,412	671,412
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	-	(148,585)	(148,585)
Less purchase of CRL investment	-	-	-	-	-	-	-	-	-	-	-	-	(39,134)	(39,134)
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-	-	-	2,535,095	2,535,095
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	(51,223)	(51,223)
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	-	(51,223)	(51,223)

See accompanying notes to financial statements and accountants' compilation report

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Changes in Net Assets by Policy Year - Liability (Continued)
Inception to July 31, 2004

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Earned premium	1,302,622	1,443,143	1,571,870	1,775,358	1,841,816	2,271,005	2,351,523	2,470,776	2,351,234	3,222,871	2,405,482	3,930,854	2,321,833	28,272,397
Investment income	152,239	168,656	182,275	166,970	128,983	344,931	406,049	441,615	576,370	432,139	231,873	225,390	187,661	3,667,231
Administrative fee reimbursement	-	-	-	-	-	-	-	-	-	-	124,586	22,894	-	147,480
Commission on investments	-	-	-	-	-	-	-	-	-	-	-	(4,052)	(15,237)	(19,289)
Miscellaneous income	-	-	-	-	-	-	2,000	-	-	3,271	5,877	1,811	9,615	21,589
Total Income	1,454,861	1,611,769	1,754,145	1,942,328	1,970,819	2,615,936	2,757,572	2,912,400	2,930,604	3,657,081	2,767,938	4,176,097	2,463,872	33,089,406
Benefits:														
Loss and loss adjustment expenses	1,143,966	1,612,172	1,452,558	1,115,903	1,617,424	1,343,144	1,558,002	1,192,542	1,092,771	696,696	1,283,583	2,580,871	1,268,554	17,961,366
Owed and paid recoverable	(293,967)	(512,172)	(102,558)	-	-	-	-	-	-	870,731	-	-	-	(608,697)
Insurance expense	201,001	205,092	267,008	247,610	279,514	238,022	287,021	253,050	224,000	223,998	232,960	1,374,225	716,298	2,981,254
Unearned premium reserve	1,051,001	1,302,392	1,537,006	1,363,513	1,856,636	1,576,166	1,845,023	1,435,362	1,316,771	1,794,625	1,516,543	3,965,096	2,052,402	22,635,878
Total benefits	1,099,999	1,405,192	1,617,062	1,363,513	1,893,574	1,577,330	1,690,045	1,480,954	1,332,741	2,692,120	2,032,483	7,920,192	4,037,254	42,049,801
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	28,317
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	19,386
Administration Fee (UAC)	186,819	225,000	225,000	260,000	260,000	267,500	280,000	358,110	447,688	446,615	484,804	-	4,000	3,452,286
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	2,800	2,912	5,512
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	16,240	16,240
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-	52	266
Brokerage Fees (Arthur J. Gallagher)	150,000	150,000	150,000	125,000	125,000	108,125	105,000	105,000	101,000	105,000	80,000	80,000	46,687	1,430,792
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	21,595	53,639
Building Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	11,040	24,561
Building Reserve	-	-	-	-	-	-	-	-	-	-	-	-	5,647	5,647
Capitalization Costs - CRL	-	-	-	-	-	-	-	-	-	-	-	-	-	17,260
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	149,585
Devaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	893
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	7,030
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-	3,666
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	-	11,113
Fees & Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	8,149
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	380
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	12,709
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	3,356
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	-	-	7,555
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	-	-	309,119
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	-	99,060
Loss Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	10,025
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	29,776
Other Expenses	18,693	8,563	23,169	19,400	20,706	4,121	20,958	4,143	3,363	30,637	48,309	-	-	1,726
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	6,330
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	194,352
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	-	-	-	-	3,553
Professional Fees	77,374	73,419	84,305	37,267	33,481	10,092	38,164	37,013	29,551	35,805	48,182	25,070	19,518	77,868
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	2,204
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	544
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	-	-	2,748
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	2,204
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	544
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	544
Total administration expenses	430,868	457,012	482,378	435,777	435,167	395,638	444,122	774,865	670,822	618,457	669,295	691,337	671,412	7,131,168
Less purchase of CRL investment	-	-	-	-	-	-	-	-	-	-	-	-	-	(149,585)
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,134)
Total benefits and expenses	1,481,867	1,759,014	2,039,384	1,799,290	2,296,105	1,975,004	2,389,145	2,210,257	1,937,593	2,413,082	2,185,839	4,656,433	2,555,095	29,578,127
Net income (loss)	(27,026)	(147,215)	(275,239)	175,038	(325,226)	640,932	470,427	711,149	993,011	1,244,199	581,990	(479,538)	(51,223)	3,511,281
Contributed capital	401,913	430,208	464,180	480,780	475,224	-	-	-	-	-	-	-	-	2,233,303
Change in non-admitted assets	-	-	-	-	-	(61,466)	34,202	25,284	(5,000)	7,000	-	-	-	-
Borrowed surplus	620,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending net assets	994,887	232,961	168,641	635,818	150,998	579,466	504,629	708,312	388,112	1,251,190	581,990	(478,538)	(51,223)	5,744,584

See accompanying notes to financial statements and accountants' compilation report

UTAH COUNTIES INSURANCE POOL
Worker's Comp Budget to Actual Comparison
For the Seven Months Ended July 31, 2004

	2004 Budget	Y-T-D Actual	Budget Remaining	Percent Complete
Income:				
Premiums and other considerations	940,738	438,755	(501,983)	47%
Investment income	20,000	13,055	(6,945)	65%
Realized gain (loss) on investments	-	-	-	0%
Total income	960,738	451,810	(508,928)	47%
Benefits:				
Losses and loss adjustment expenses	418,941	169,001	249,940	40%
Reinsurance expense	223,532	120,826	102,706	54%
Third party administrator	160,000	96,331	63,669	60%
Total benefits	802,473	386,158	416,315	48%
Administration expenses:				
Accounting (Larson & Company)	8,000	-	8,000	0%
Actuarial Analysis (BYNAC)	4,000	-	4,000	0%
Automobile Expense	1,410	-	1,410	0%
Automobile Reserve	3,760	3,760	-	100%
Bank fees	200	11	189	6%
Brokerage Fees (Arthur J. Gallagher)	25,000	13,636	11,364	55%
Board Expense	5,264	-	5,264	0%
Bond Requirement WC	-	37,500	(37,500)	0%
Capitalization Costs - CRL	48,989	52,122	(3,133)	106%
Exhibiting and Sponsorship	1,880	-	1,880	0%
Incentives	940	-	940	0%
Insurance	-	352	(352)	0%
Loss Control / Training	5,000	-	5,000	0%
Staff Expenses	5,000	1,495	3,505	30%
Staff Salaries	31,374	18,302	13,072	58%
Staff Retirement	7,047	4,111	2,936	58%
Staff FICA	1,945	1,134	811	58%
Staff Medical Insurance	6,576	3,836	2,740	58%
Telephone	-	-	-	0%
Total administration expenses	158,265	136,259	22,006	86%
Less increase in restricted net asset reserves	-	(3,760)	3,760	
Less purchase of CRL investment	-	(52,122)	52,122	
Total benefits and expenses	158,265	80,377	77,888	
Decrease in net assets	-	(14,725)	(14,725)	

Note:

This year is 58% complete

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Changes in Net Assets by Policy Year - Worker's Comp
For the Month Ended July 31, 2004

	Policy Year												Total	
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Premiums and other considerations	-	-	-	-	-	-	-	-	-	-	-	-	94,209	94,209
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	2,443	2,443
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	-	96,652	96,652
Benefits:														
Losses and allocated expenses paid	-	-	-	-	-	-	-	-	-	-	-	-	38,501	38,501
Case reserves	-	-	-	-	-	-	-	-	-	-	-	-	113,005	113,005
Incurred but not reported	-	-	-	-	-	-	-	-	-	-	-	-	(127,363)	(127,363)
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	21,557	21,557
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	10,460	10,460
Total benefits	-	-	-	-	-	-	-	-	-	-	-	-	56,160	56,160
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	9	9
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	2,273	2,273
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond requirement WC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalization Costs - CRL	-	-	-	-	-	-	-	-	-	-	-	-	1,635	1,635
Exhibiting & Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lobbying & Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	1,495	1,495
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	2,615	2,615
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	587	587
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	162	162
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	548	548
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	-	9,324	9,324
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less purchase of CRL investment	-	-	-	-	-	-	-	-	-	-	-	-	(1,635)	(1,635)
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-	-	-	63,849	63,849
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	32,803	32,803
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	-	32,803	32,803

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Changes in Net Assets by Policy Year - Worker's Comp (Continued)
For the Seven Months Ended July 31, 2004

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Earned premium	-	-	-	-	-	-	-	-	-	-	-	-	438,755	438,755
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	13,055	13,055
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	-	451,810	451,810
Benefits:														
Losses and allocated expenses paid	-	-	-	-	-	-	-	-	-	-	-	-	93,739	93,739
Case reserves	-	-	-	-	-	-	-	-	-	-	-	-	125,461	125,461
Incurred but not reported	-	-	-	-	-	-	-	-	-	-	-	-	(50,199)	(50,199)
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	120,826	120,826
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	96,331	96,331
Total benefits	-	-	-	-	-	-	-	-	-	-	-	-	386,158	386,158
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	3,760	3,760
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	11	11
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-	13,636	13,636
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Requirement WC	-	-	-	-	-	-	-	-	-	-	-	-	37,500	37,500
Capitalization Costs - CRL	-	-	-	-	-	-	-	-	-	-	-	-	52,122	52,122
Exhibiting & Sponsorships	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lobbying & Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	1,495	1,495
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	18,302	18,302
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	4,111	4,111
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	1,134	1,134
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	3,836	3,836
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	-	136,259	136,259
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	(3,760)	(3,760)
Less purchase of CRL investment	-	-	-	-	-	-	-	-	-	-	-	-	(52,122)	(52,122)
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-	-	-	466,535	466,535
Net Income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	(14,725)	(14,725)
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	-	(14,725)	(14,725)

UTAH COUNTIES INSURANCE POOL
Schedule of Income and Changes in Net Assets by Policy Year - Worker's Comp (Continued)
Inception to July 31, 2004

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
Income:														
Earned premium	-	-	-	-	-	-	-	-	-	-	-	-	438,755	438,755
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	13,055	13,055
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	-	451,810	451,810
Benefits:														
Losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	169,001	169,001
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	120,826	120,826
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	96,331	96,331
Total benefits	-	-	-	-	-	-	-	-	-	-	-	-	386,158	386,158
Administration expenses:														
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Analysis (BYNAC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	3,760	3,760
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	11	11
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-	13,636	13,636
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	37,500	37,500
Bond Requirement WC	-	-	-	-	-	-	-	-	-	-	-	-	52,122	52,122
Capitalization Costs - CRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exhibiting & Sponsorships	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lobbying & Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	1,495	1,495
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	18,302	18,302
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	4,111	4,111
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	1,134	1,134
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	3,836	3,836
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	136,259	136,259
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	-	(3,760)	(3,760)
Less increase in restricted net asset reserves	-	-	-	-	-	-	-	-	-	-	-	-	(52,122)	(52,122)
Less purchase of CRL investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total benefits and expenses	-	-	-	-	-	-	-	-	-	-	-	-	466,535	466,535
Net Income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	(14,725)	(14,725)
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	-	(14,725)	(14,725)

UTAH COUNTIES INSURANCE POOL

ACTUARIAL REPORT

*Estimated Required Reserves
as of 12/31/03*

By The Numbers
Actuarial Consulting, Inc.

February 16, 2004

AIRBORNE EXPRESS

Mr. Lester J. Nixon, CPCU
Director, UAC Insurance Mutual
5397 South Vine Street
Salt Lake City, UT 84107

Dear Mr. Nixon:

Enclosed are one unbound and two bound copies of the actuarial report prepared for the Utah Association of Counties Insurance Mutual (UAC) at your request. This report calculates the required reserves as of 12/31/03 for reported and incurred but not reported claims retained during the 1/1/92-12/31/03 period.

The estimates contained in this report are based on data provided by UAC. These data and the associated assumptions should be reviewed for their consistency with the internal records of UAC. Any discrepancy in the completeness, interpretation, or accuracy of the information used may require a revision to this report.

If you have any questions, please call or write. It is a pleasure to be of service to UAC.

Sincerely,



Lisa Dennison, FCAS, FCA, MAAA
President and Consulting Actuary



Liz Long, ACAS, ACA, MAAA
Senior Vice President and Consulting Actuary

enclosure

UTAH COUNTIES INSURANCE POOL

ACTUARIAL REPORT

TABLE OF CONTENTS

PURPOSE.....	1
FINDINGS.....	2
ESTIMATED REQUIRED RESERVES.....	2
COMPARISON TO PRIOR REPORT.....	4
ASSUMPTIONS.....	7
DEFINITIONS.....	7
HISTORICAL INFORMATION.....	7
RETENTIONS.....	7
RESERVE ANALYSIS – GENERAL LIABILITY	9
OVERVIEW	9
INCURRED LOSS DEVELOPMENT	10
PAID LOSS DEVELOPMENT	15
SELECTED ESTIMATED ULTIMATE INCURRED LOSSES	15
ESTIMATED REQUIRED RESERVES	15
DISCOUNTED ESTIMATED REQUIRED RESERVES.....	23
RESERVE ANALYSIS – OTHER LINES OF COVERAGE AND COMBINED	27
HISTORICAL PROFITABILITY ANALYSIS	52
QUALIFICATIONS AND LIMITATIONS.....	55
CONSULTATION.....	57

APPENDICES

LOSSES \$50,000 AND GREATER.....	58
SUPPORTING EXHIBITS.....	61
ESTIMATED ULAE RESERVE	74

UTAH COUNTIES INSURANCE POOL

ACTUARIAL REPORT

PURPOSE

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the required reserves retained by the Utah Counties Insurance Pool (UCIP) as of 12/31/03 for property and liability claims incurred from 1/1/92 through 12/31/03.

The required reserves are estimated excluding and including the effects of anticipated investment income earned on the reserves until they are paid.

The estimated required reserves are based on estimates of ultimate incurred losses. Ultimate incurred losses are defined to be the amounts that will be paid to settle all claims occurring during a policy period. These estimates include a provision for the subsequent development of known claims and for claims incurred but not yet reported. Incurred but not reported (IBNR) losses are defined throughout this report to include the additional development on known claims in addition to claims incurred but not yet reported.

FINDINGS

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimated required reserves are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

ESTIMATED REQUIRED RESERVES

The required reserves shown in the following tables should be used for financial statement reporting as of that date. However, until all the claims that occurred on or before 12/31/03 are closed, the actual reserve need remains an estimate. While the experience of UCIP indicates that the required reserves will fall within the range established in this report, the possibility exists that extraordinary or unexpected circumstances could cause the actual reserve need to be less than or greater than the range. Therefore, the findings cannot be warranted or guaranteed.

**ESTIMATED LOSS AND ALAE RESERVES INCLUDING
IBNR FOR 1/1/92-12/31/03 AS OF 12/31/03**
(Losses Including ALAE Limited to Specific and Aggregate Retentions)

	Line of Business	Low	Expected	High
Undiscounted for Investment Income	GL	\$2,290,000	\$2,710,000	\$3,130,000
	AL	280,000	450,000	620,000
	Property	90,000	90,000	90,000
	Total	\$2,660,000	\$3,250,000	\$3,840,000
Discounted at 3.0% per Annum	GL	\$2,160,000	\$2,560,000	\$2,960,000
	AL	270,000	440,000	610,000
	Property	90,000	90,000	90,000
	Total	\$2,520,000	\$3,090,000	\$3,660,000

The low and high figures are judgmental and not intended to establish absolute minimums or maximums on the estimates, but rather to depict a reasonable range for the establishment of loss reserves in this particular situation. Figure 1 contains a graphical representation of UCIP's estimated retained loss experience as of 12/31/03 including the undiscounted expected reserves.

As noted, the reserves are estimated on both undiscounted and discounted for investment income bases. UCIP has provided the discount rate of 3.0%. Establishing loss reserves on a discounted basis requires that future investment income earned on the loss reserves be added to the reserves to strengthen them rather than recognized as net income. It also assumes that assets equal to the present value of the reserves are available for investment as of the 12/31/03 evaluation date. The accuracy of discounted reserves depends upon the accuracy of the undiscounted estimates, the estimated payout schedule, and the interest rate assumption used to discount the loss payout schedule. If the discounted estimate is used, the management of UCIP should carefully review each of these assumptions to assure that they are in agreement with them.

COMPARISON TO PRIOR REPORT

The ultimate incurred losses estimated in this report are compared to the Taylor-Walker & Associates, Inc. (TWA) 3/11/03 actuarial report in the following table and Figure 2. As shown the estimates decreased \$165,206 or 1.2% from 12/31/02 to 12/31/03.

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR ACTUARIAL REPORT ALL COVERAGES COMBINED (Losses Including ALAE Limited to Specific Retention)

Policy Period	Current Report (Table 26 Section B)	Prior Report* (Exhibit 1 Sheet 2)	Change	Percent Change
1/1-12/31/92	\$ 850,000	\$ 850,000	\$ 0	0.0%
1/1-12/31/93	1,100,000	1,100,000	0	0.0%
1/1-12/31/94	1,350,000	1,350,000	0	0.0%
1/1-12/31/95	802,604	832,535	(29,931)	(3.6%)
1/1-12/31/96	877,650	883,841	(6,191)	(0.7%)
1/1-12/31/97	1,099,100	1,035,357	63,743	6.2%
1/1-12/31/98	1,308,532	1,251,774	56,758	4.5%
1/1-12/31/99	1,470,950	1,463,321	7,629	0.5%
1/1-12/31/00	971,608	953,136	18,472	1.9%
1/1-12/31/01	1,715,000	1,715,000	0	0.0%
1/1-12/31/02	1,574,314	1,850,000	(275,686)	(14.9%)
Total	\$13,119,758	\$13,284,964	(\$165,206)	(1.2%)

* From the TWA 12/31/02 actuarial report dated 3/11/03.

Figure 1

UTAH COUNTIES INSURANCE POOL

ALL LINES COMBINED

ESTIMATED RETAINED LOSSES AS OF 12/31/03

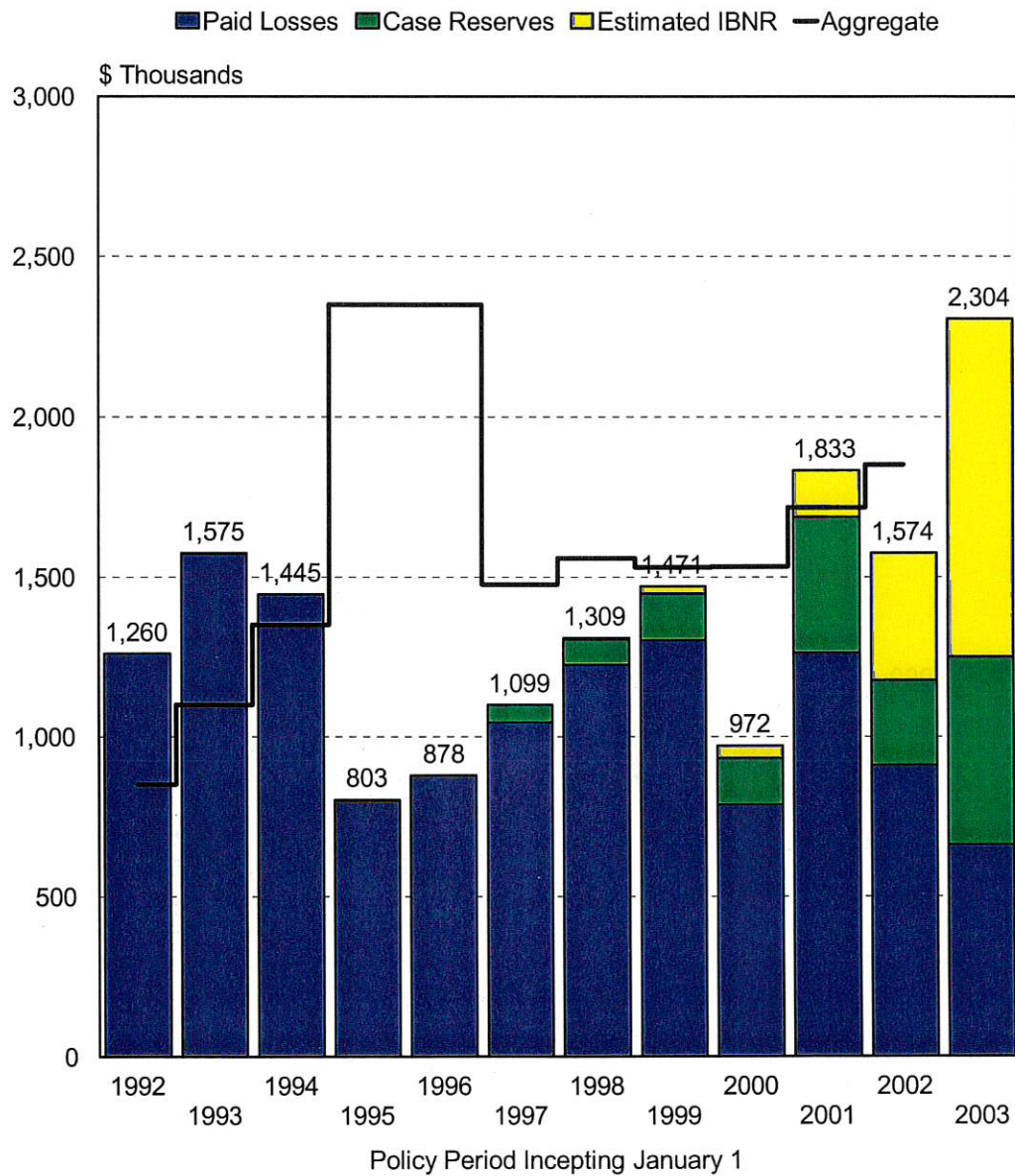
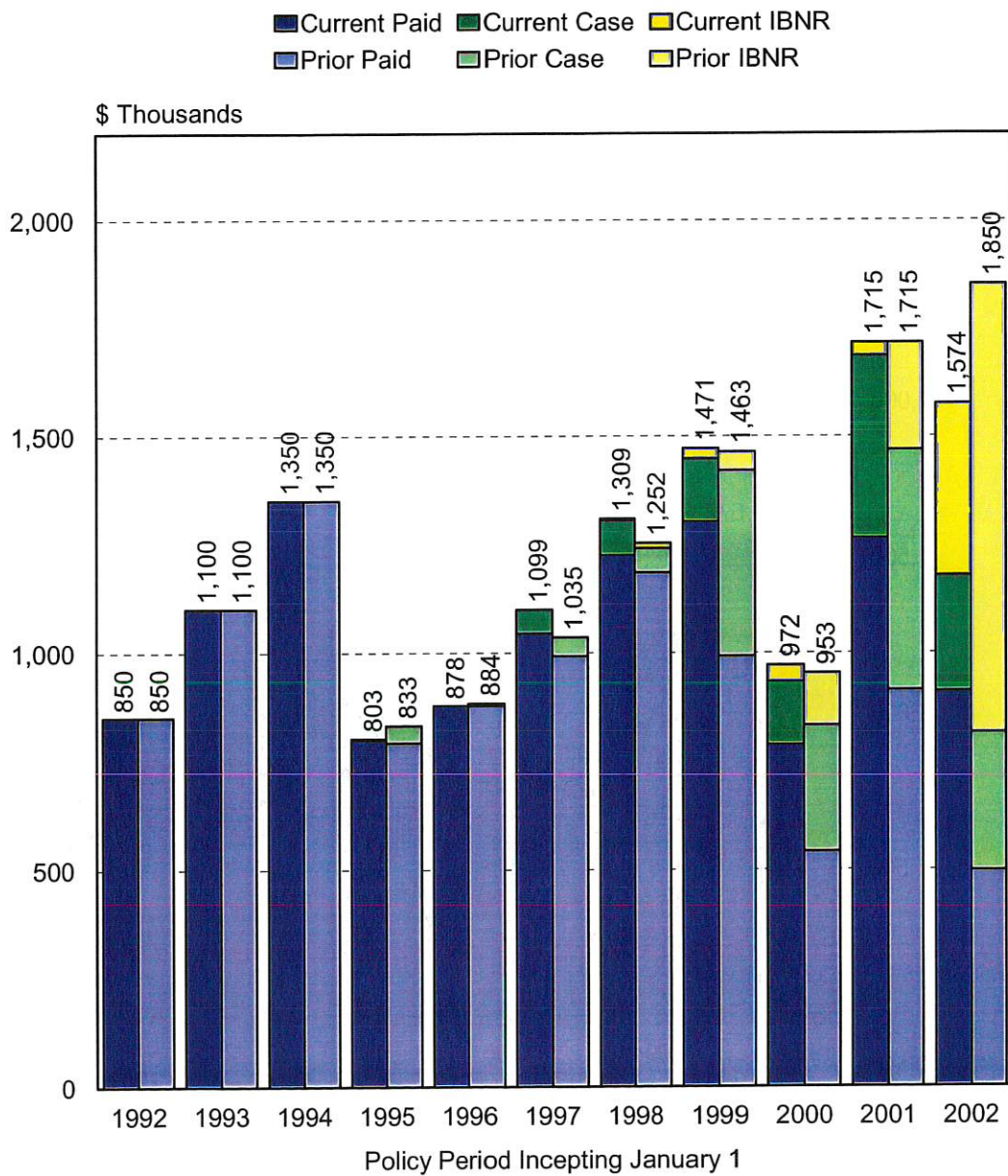


Figure 2

UTAH COUNTIES INSURANCE POOL

ALL LINES COMBINED

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT
(Limited to Specific and Aggregate Retentions Net of Recoveries)



ASSUMPTIONS

DEFINITIONS

Losses in this report include allocated loss adjustment expense (ALAE). ALAE are those expenses that can be directly attributed to a specific claim, such as litigation costs. Loss adjustment expenses that cannot be directly associated with an individual claim are known as unallocated loss adjustment expense (ULAE). Reserves for unearned premiums, unpaid administrative expenses, contingencies, catastrophes, or future premium deficiencies are not included in the estimates.

HISTORICAL INFORMATION

For the periods under review, UCIP has assumed its members' general liability, automobile liability, and property losses. UCIP's unique development patterns are used to estimate the ultimate losses expected to be incurred by UCIP for the periods analyzed in this report. This methodology assumes that the historical development patterns are indicative of the future development expected for the periods considered.

All data are based on information provided by UCIP. The 12/31/03 loss run is used as the basis for the current evaluation of loss. These data are reviewed for reasonableness and used without audit.

RETENTIONS

UCIP retentions are summarized in the following table. There are five claims excess of the specific retention as of 12/31/03. The aggregate retention is exceeded on a paid basis in the 1/1-

12/31/92 through 1/1-12/31/94 periods and on an ultimate basis for the 1/1-12/31/01 period.

Losses excess of the aggregate retention are allocated to general liability in the analysis.

SUMMARY OF RETENTIONS

Policy Period	Liability		Property Including Crime		All Lines Combined Aggregate Retention
	Specific Retention	ALAE	Specific Retention	ALAE	
1/1-12/31/92	\$250,000	Included	\$150,000	Included	\$ 850,000
1/1-12/31/93	250,000	Included	150,000	Included	1,100,000
1/1-12/31/94	250,000	Included	150,000	Included	1,350,000
1/1-12/31/95	250,000	Included	150,000	Included	2,350,000
1/1-12/31/96	250,000	Included	150,000	Included	2,350,000
1/1-12/31/97	250,000	Included	150,000	Included	1,475,000
1/1-12/31/98	250,000	Included	150,000	Included	1,558,000
1/1-12/31/99	250,000	Included	150,000	Pro-rata	1,530,000
1/1-12/31/00	250,000	Included	150,000	Pro-rata	1,532,250
1/1-12/31/01	250,000	Included	150,000	Pro-rata	1,715,000
1/1-12/31/02	250,000	Included	150,000	Pro-rata	1,850,000
1/1-12/31/03	250,000	Included	150,000	Pro-rata	N/A

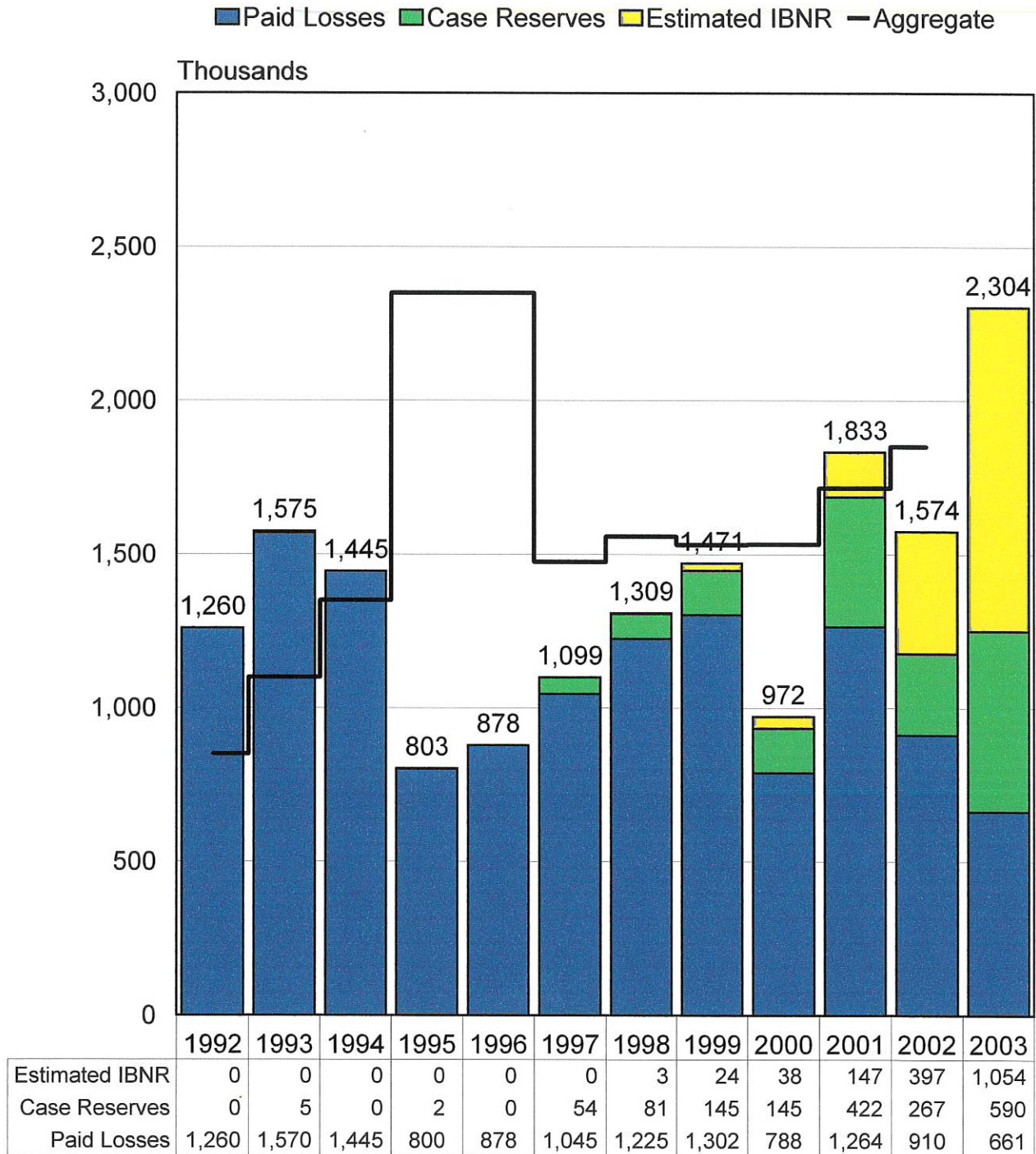
It is assumed that the excess insurance will be collectible on all claims that ultimately develop beyond the retentions. An analysis of the collectibility of the excess insurance is beyond the scope of this report.

Figure 1

UTAH COUNTIES INSURANCE POOL

ALL LINES COMBINED

ESTIMATED RETAINED LOSSES AS OF 12/31/03



Policy Period Incepting January 1

Figure 2

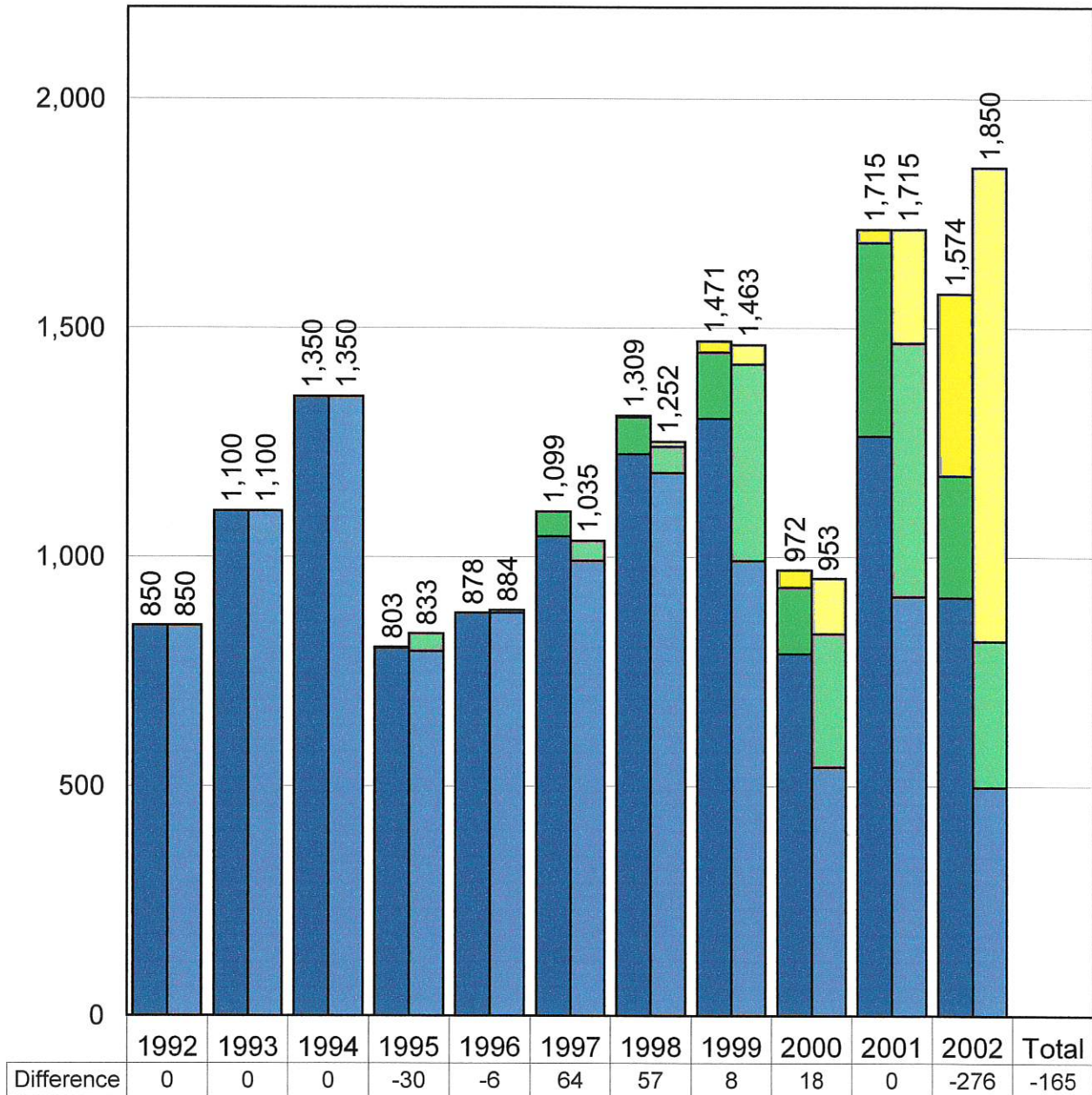
UTAH COUNTIES INSURANCE POOL

ALL LINES COMBINED

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT
(Limited to Specific and Aggregate Retentions Net of Recoveries)

■ Current Paid ■ Current Case ■ Current IBNR
■ Prior Paid ■ Prior Case ■ Prior IBNR

\$ Thousands



Policy Period Incepting January 1

Figure 3

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES

(Unlimited Losses Including ALAE Gross of Recoveries)

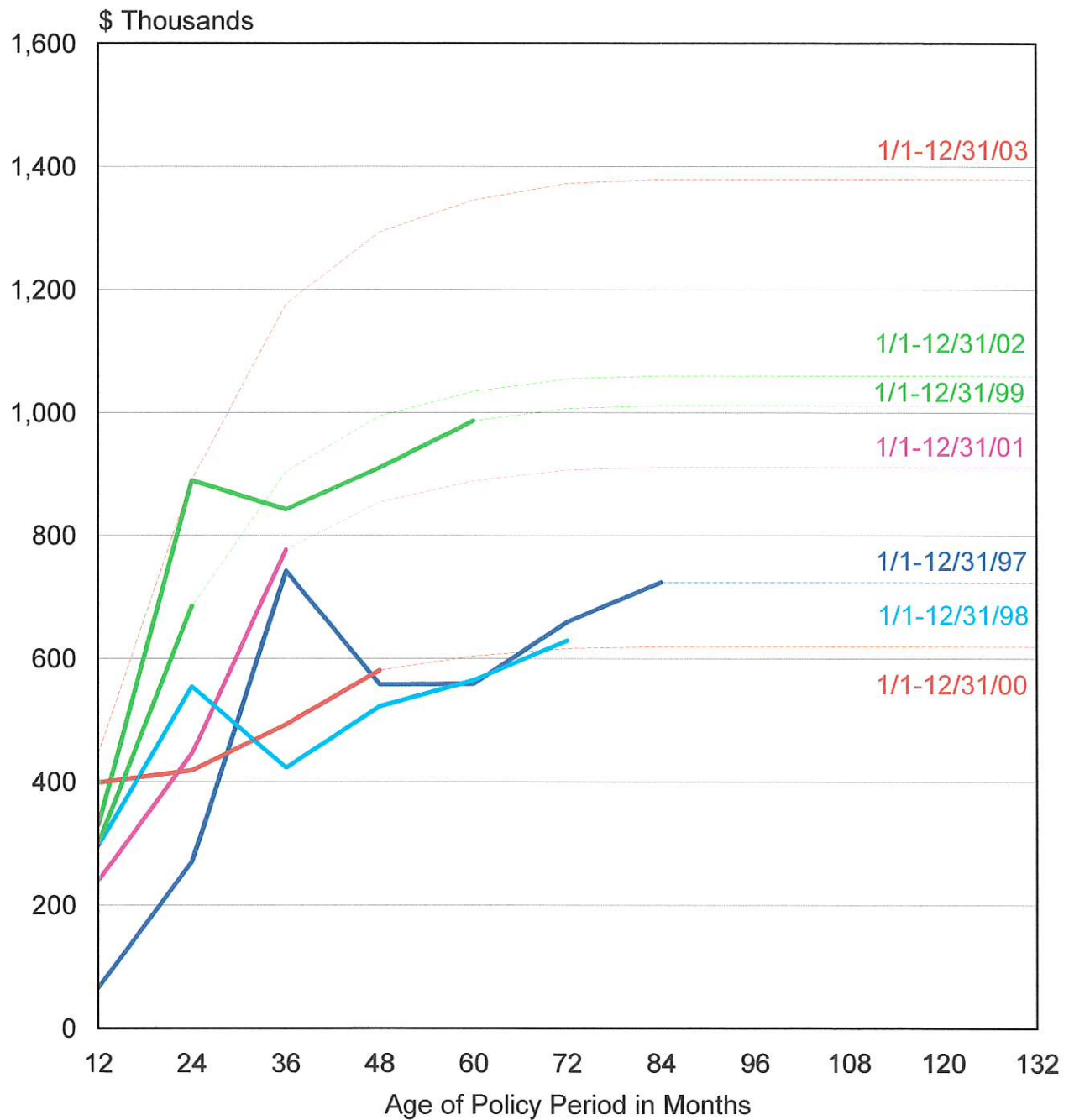


Figure 4

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES

(Unlimited Losses Including ALAE Gross of Recoveries)

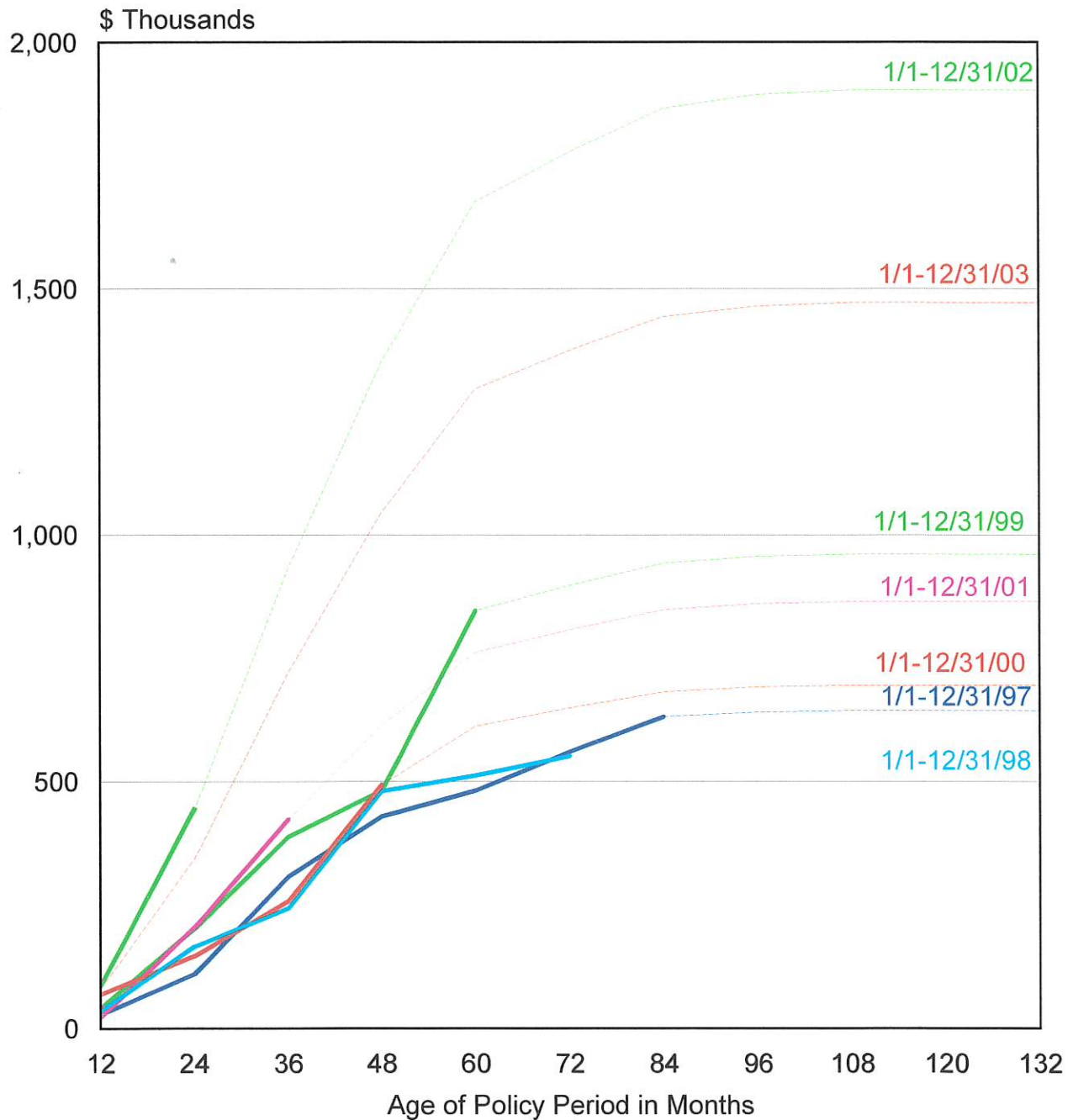


Figure 5

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retentions Gross of Recoveries)

■ Incurred Development ■ Paid Development — Selected

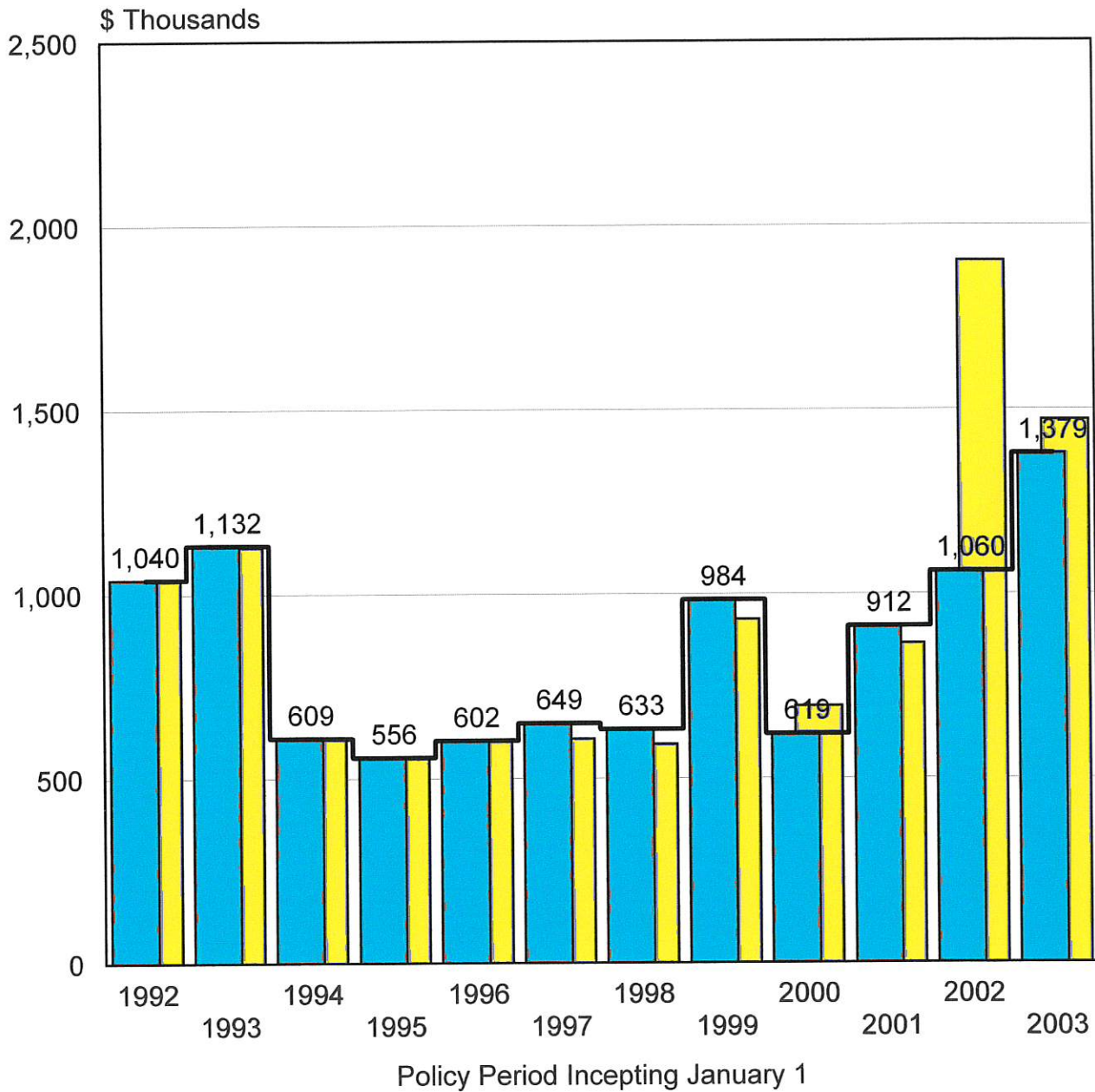


Figure 6

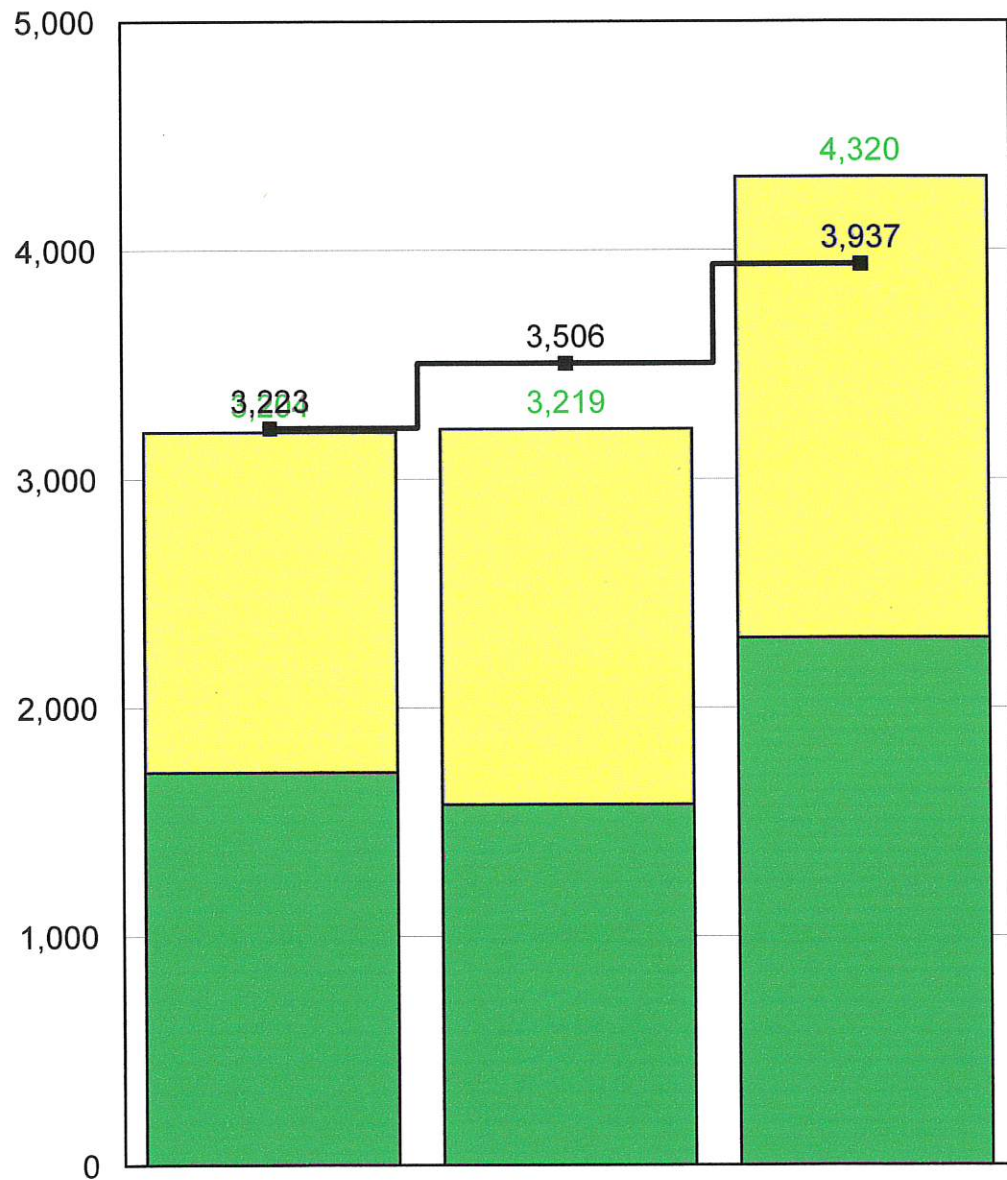
UTAH COUNTIES INSURANCE POOL

ALL LINES COMBINED

HISTORICAL PROFITABILITY ANALYSIS

(Excluding Investment Income)

■ Estimated Ultimate Losses ■ Operating Expenses ■ Premium



Est Net Income
Operating Expenses
Estimated Ultimate Losses

1/1-12/31/01

1/1-12/31/02

1/1-12/31/03

Policy Period

UTAH COUNTIES INSURANCE POOL

Workers Compensation

Paid Losses as of 7/31/04	\$ 93,998
Incurred losses as of 7/31/04	219,200
UT loss development factor	1.747
Estimated Ultimate Incurred Losses	382,942
Est. Ultimate Annualized	656,472
Premium	906,627
Estimated Ultimate Loss Ratio	72.4%
Reported Loss Ratio as of 7/31/04	41.4%
Paid Loss Ratio as of 7/31/04	17.8%



Utah Counties Insurance Pool
Serving Counties Since 1992

LOSS CONTROL MANAGER'S REPORT
BOARD OF TRUSTEES MEETING
19 August 2004
Mark Brady, Loss Control Manager

Since the last meeting:

1. Supervisor Training in:
Morgan County
Wasatch County
Tooele County
2. Harassment Training in:
Morgan
Wasatch
Tooele
Central Utah Health
3. DDC Training:
Davis
Tooele
Tooele West (Wendover)
Wasatch
4. Inspections in:
Duchesne County
Iron County
5. Assisted Emery County in revising personnel Policies and Procedures.
6. Attended:
Davis Road Dept. Safety Awards
National PRIMA Conference
Utah PRIMA Conference on Workers Compensation
Utah Sheriff's Association Meeting

7. Brody Parker
Has also been providing DDC in Tooele County and has arranged for Training in Davis County
Working with Weber on an employee safety Program
Currently working with Carbon and Utah Counties on safety committees and programs

Coming up:

1. Risk Management Certification Training 24-26 August 2004
2. Road Crew Training in San Juan 8-9 September 2004
3. Sponsoring Utah Sheriff Association Fall Workshop 20-22 September 2004

UTAH COUNTIES INSURANCE POOL
Workers' Compensation Report
YTD as of 07-31-2004

COUNTY	EFFECTIVE DATE	PREMIUM	NUMBER of CLAIMS YTD						TOTAL PAID	TOTAL RESERVES	TOTAL INCURRED	LOSS RATIO
			Medical Only		Indemnity							
			Open	Closed	Open	Closed	Open	Closed				
Carbon	1/1/2004	\$90,781	8	5	2	0		\$22,530	\$23,039	\$45,569	50.20%	
Cache	7/1/2004	\$34,560	0	0	0	0		\$0	\$0	\$0	0.00%	
Daggett	1/1/2004	\$13,232	0	2	0	0		\$105	\$0	\$105	0.79%	
Duchesne	1/1/2004	\$35,820	1	3	0	0		\$1,562	\$500	\$2,062	5.76%	
Emery	1/1/2004	\$49,785	4	0	1	0		\$564	\$5,518	\$6,082	12.22%	
Garfield	1/1/2004	\$22,047	1	4	0	0		\$2,690	\$9,969	\$12,659	57.42%	
Grand	1/1/2004	\$25,504	3	2	0	0		\$1,665	\$540	\$2,205	8.65%	
Iron	1/1/2004	\$62,704	4	7	1	0		\$3,777	\$2,858	\$6,636	10.58%	
Juab	1/1/2004	\$23,557	0	0	0	0		\$0	\$0	\$0	0.00%	
Kane	1/1/2004	\$10,547	1	0	0	0		\$0	\$550	\$550	5.21%	
Millard	1/1/2004	\$54,271	2	4	0	0		\$4,169	\$5,387	\$9,557	17.61%	
Morgan	1/1/2004	\$14,966	0	0	0	0		\$0	\$0	\$0	0.00%	
Piute	2/1/2004	\$3,800	0	0	0	0		\$0	\$0	\$0	0.00%	
Rich	2/1/2004	\$4,085	1	0	0	0		\$128	\$877	\$1,006	24.63%	
San Juan	1/1/2004	\$26,820	6	8	2	0		\$3,103	\$9,810	\$12,913	48.15%	
Sanpete	1/1/2004	\$21,096	3	0	0	0		\$452	\$1,204	\$1,657	7.85%	
Sevier	1/1/2004	\$21,791	4	4	1	1		\$27,249	\$15,707	\$42,957	197.13%	
Uintah	1/1/2004	\$80,020	7	6	0	0		\$4,337	\$4,405	\$8,743	10.93%	
Utah	4/1/2004	\$126,850	21	4	3	0		\$17,565	\$38,022	\$55,588	43.82%	
Wayne	1/1/2004	\$5,719	0	1	0	0		\$140	\$0	\$140	2.45%	
Weber	6/1/2004	\$178,296	9	6	0	0		\$777	\$4,058	\$4,835	2.71%	
TOTALS	7/31/2004	\$906,251	75	56	10	1		\$90,813	\$122,444	\$213,264	23.53%	

UCIP Annual Membership Meeting (3:00-6:00)
Dinner (6:00-7:00)
Activity (7:00-8:00)

Monday, November 8

Meeting at Dixie Center = \$350
Dinner at Dixie Center = \$20.00 each
Activity = ?

Tuesday, November 9*

Clerk-Auditors Affiliate Session
Public Lands Meeting
State Relations Committee

Wednesday, November 10*

Property Tax Session w/Utilities – All Day
(Assessors, Attorneys, Auditors, Clerks, Commissioners, Treasurers)

wed 4:00-6:00 -
w/dinner

Thursday, December 9

Meeting at Thanksgiving Point = NC, \$250 or \$400
Dinner at Thanksgiving Point = \$25.00 each
Holiday Lights = \$7.00 per car

* UAC Convention

Handwritten notes in the left margin, possibly including the word "Volume" and some illegible scribbles.

Section 1: Introduction
Section 2: History of the
Section 3: Current Status
Section 4: Future Prospects

Section 5: Conclusion
Section 6: Appendix
Section 7: Bibliography
Section 8: Index

Section 9: Glossary
Section 10: Acknowledgments
Section 11: About the Author
Section 12: Contact Information

Section 13: Disclaimer
Section 14: Copyright Notice
Section 15: Privacy Policy



Utah Counties Insurance Pool
Serving Counties Since 1992

UCIP
PLANNING
DOCUMENT

Begun on June 6-7, 2003
Revised on June 3-4, 2004

PLAN

Originally developed by the Utah Counties Insurance Pool Board of Trustees, the Business Plan is intended to provide direction for the Pool over the next five years. The Plan will be reviewed and updated by the Board as appropriate.

Mission Statement

UCIP is committed to meet members' needs for quality insurance at competitive, responsible, and stable cost, and to assist members with improving their risk management practices.

PRINCIPLES AND BELIEFS

- Coverage provided is a promise to pay.
- We look for ways to cover claims, not to deny them.
- To provide as broad coverage as prudence will allow.
- Coverage is open to Utah Counties and those County-related entities over which the County governing body exercises dominant control.
- Pool funds belong to the members.
- The Pool Board is trustee of the members' funds.
- We seek to maximize the value of funds but follow conservative fiscal practices.
- Business is conducted with integrity.
- The best interest of the Pool prevails, always.
- Consistent due diligence is given for all members and issues.
- Member input is sought and encouraged.
- Full disclosure in all communications.
- Services are responsive and respectful.

Situational Analysis

These are our assumptions about the future of UCIP, our Member Counties, and the populations served by our Members. We will monitor these assumptions to identify trends as they develop and needs as they arise so UCIP may respond appropriately.

Economic

- Tight budgetary constraints on members.
- Increasing pressure from taxpayers to reduce taxes.
- Wasatch-front counties versus the rest of Utah.

Political/Regulatory

- Reduced funding available from State and Federal government
- Increasing number of federal and state mandated programs, causing increasing budgetary pressures on our members.
- UCIP needs to stay abreast of state and federal legislation and regulation.

Demographics

- Aging of the post-World War II generation (birth years 1946-1964) will affect supply and demand of age-related services.
- Utah population is increasing statewide.

Knowledge

- Members rely on UCIP to inform them about risk management, legal trends, and best practices.
- Members like owning the Pool.
- Members look to UCIP to deliver new programs.

Social Values

- Greater emphasis on the value of time.
- Need for customized “answers”.

Insurance and Pooling Industry

- Increased potential for competition in 2005.
- Reinsurance market is loosening in 2004-2005.

Technology

- Need ready and cost effective access to information
- Examine cost-effective alternatives to on-site meetings.

Staff

- Retain qualified staff.
- Need to support continuing education and personal growth.

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Key Success Factors

Development of assumptions leads to emphasizing certain key factors for operations of the pool over the next 5 years.

- Focusing on customer needs and expectations.
- Providing efficient operations and service delivery.
- Assist individual counties with risk management training.
- Fair and equitable allocation of contribution.
- Broaden participation in the pool by all Utah Counties and appropriate related entities.
- The Pool is first choice for value in coverage and service.
- Define our relationship with UAC.
- Board members and staff pursue technical and skill development opportunities.
- Establish meaningful and profitable alliances, whenever feasible.
- Making UCIP products and services value-added for members, assuring excellence in a competitive marketplace.
- Effectively using technology to enhance efficiency and effectiveness in all areas.

GOALS

1. **Determine permanent location of UCIP.**
2. **Explore employee benefits coverage for members.**
3. **Increase member participation in the Risk Management Program.**
4. **Provide training and education opportunities for members, Trustees, and staff.**
5. **Benchmark UCIP's performance with that of other pools in the region.**
6. **Devise incentive program for Workers' Compensation.**

ACTION PLAN

Description

The Plan must be adaptable due to changing circumstances within and outside UCIP.

The goals developed are expanded to include:

STRATEGIES-Individual achievements targeted for short-term (less than 18 months) and long-term (18 months to 5 years) timeframes, not in order of priority

PERFORMANCE INDICATORS-Describing specific measurable actions that will be undertaken to carry out the strategies

GOAL #1

Determine permanent location of UCIP.

STRATEGIES

Short-term

1. Negotiate building sublease purchase agreement with UAC.
2. Determine cost of building out the basement at 5397 South Vine.

Long-term

1. Consider the effects of remaining at 5397 South Vine on UCIP assets and member relations.

PERFORMANCE INDICATORS

1. Perform market analysis to obtain comparables.
2. Evaluate lease/rent/purchase to determine rate of return.

GOAL #2

Explore employee benefits coverage for members.

STRATEGIES

Short-term

1. Explore partner opportunities with other providers.
2. Determine potential inventory of covered lives.

Long-term

1. Plan design and administration requirements.

PERFORMANCE INDICATORS

1. Prepare feasibility study by 1/1/05.

GOAL #3

Increase member participation and credits in the Risk Management Program.

STRATEGIES

Short-term

1. Notify County Commissioners of 2004 results.
2. Work with Insurance Coordinators to maximize 2005 results.

Long-term

1. Within 5 years, bring average award to 90% per member.

PERFORMANCE INDICATORS

1. Increase qualifiers to 25 by 2006.
2. Bring average award to 75% by 2007.

GOAL #4

Provide training and education opportunities for members, Trustees, and staff.

STRATEGIES

Short-term

1. Set standards for:
 - a. How to accomplish
 - b. How often
 - c. Subject matters
 - d. Use of incentives for training

Long-term

1. Analyze training's effects on Pool loss experience.

PERFORMANCE INDICATORS

1. Analyze claims quarterly for claims trends that may indicate training needs.
2. Seek input from members at least annually.

GOAL #5

Benchmark UCIP's performance with that of other pools in the region.

STRATEGIES

Short-term

1. Maintain net premium to surplus ratio at 2:1.
2. Determine benchmarks (using CO, NV, AZ, NM pools) for:
 - Litigation expense
 - Administration expense
 - Loss adjusting expense

Long-term

1. Meet or exceed the benchmarks established.

PERFORMANCE INDICATORS

1. Set net premium to surplus at September meeting annually.
2. Obtain statistics from neighbor pools.

GOAL #6

Devise incentive program for Workers' Compensation.

STRATEGIES

Short-term

1. Build model based on Multiline incentive program.

Long-term

1. Obtain 90% participation in program by 2007.

PERFORMANCE INDICATORS

1. Implement program by 1/1/05.
2. Obtain 70% average award by 2006.

JOINT POLICY
COUNTY VEHICLE USE

Operation of county vehicles is a significant risk exposure to every county. Vehicle accidents represent a substantial liability to the county. Vehicle accidents resulting in personal injury and property damage represent needless suffering, waste, and unnecessary cost to the county.

Employees are encouraged to drive in a safe, reasonable, and defensive manner. When operating a county vehicle, employees will maintain their full attention to driving activities. No phase of the job is of greater importance than safe driving. Employees shall comply with all traffic regulations, except as authorized for emergency vehicles.

County vehicles shall only be used for official county business, or when authorized through an Interlocal Agreement for business purposes deemed relevant to the county's interests. Operators of county vehicles will assume full responsibility for safe operation, as well as the safety and welfare of any passengers. Only county employees, volunteers and others authorized by Interlocal Agreement may operate county vehicles, unless specific authorization otherwise is made by the governing body. No one other than county employees will be transported as passengers except when required by county business. All operators of county vehicles shall review and agree to abide by all county rules and regulations relating to vehicle use.

Employee and occupant use of seatbelts is required in county vehicles. Child restraint devices shall be used in accordance with state law.

Before daily use of a county vehicle, drivers shall inspect the vehicle for visible damage, inoperable lights, under-inflated tires, or any other noticeable condition, which may create an unsafe situation.

The use of cellular telephones is discouraged while operating a county vehicle, unless a hands free system is used. Employees shall use due caution when using a cellular telephone while the vehicle is in motion. The primary responsibility of employees engaged in vehicle operations is the safe operation of the vehicle. Employees are encouraged to use a hands free system or safely park their vehicle out of traffic prior to engaging in a cellular telephone conversation.

Adopted ?/?/04

AGENDA ITEM SUMMARY

Item Description

Approve changes to the UCIP Employment Policies and Procedures Manual.

Background, Discussion

Add the following language regarding Per Diem in **Section IV, J**: Per Diem is not payable to employees on business in the employee's home county or Salt Lake County. Travel requirements for per diem are a trip of at least 100 miles and/or 5 hours duration.

Add a new **Number 5** in **Section IV, J**: Employees furnished cell phones will reimburse UCIP for personal calls that put the monthly charge over the minimum and any personal charges above the minimum. When out of town and /or out of state, the employee should evaluate charges from a hotel and cell phone and choose the lesser cost.

Add a new **D** at **Section I, Introductory Provisions**: UCIP has signed the Electronic Trading Partner Agreement with the Utah Retirement Systems. As a condition of this Agreement, UCIP has adopted the following policy statement: UCIP will prevent the improper use or disclosure of personal information regarding its employees' status, contributions and/or benefits, or any other personal information arising from enrollment or participation in the Utah Retirement Systems.

Recommendation

Staff recommends approval.

AGENDA ITEM SUMMARY

Item Description

Approve changes to the credit limits and distribution of UCIP VISA cards issued by Wells Fargo.

Background, Discussion

Brody Parker is a new employee who will travel extensively within the state. CEO recommends issuance of a VISA card with a \$2,500 limit.

Mark Brady and Sonya White currently have UCIP VISA cards with \$1,000 limits. CEO recommends increasing limits for Mark and Sonya to \$5,000.

Lester Nixon has a VISA with a \$5,000 limit. No change requested.

Recommendation

Staff recommends approval.

Utah Counties Insurance Pool Payments

June 4 - August 19, 2004

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Liability Check	6/8/2004		United States Treasury	87-0495792	-SPLIT-	-5,678.04
Liability Check	6/9/2004		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,460.00
Liability Check	6/11/2004	2462	Utah Retirement Systems	Unit No: 864 (May 2004)	-SPLIT-	-5,007.51
Check	6/11/2004	2463	PEHP-LTD	Coverage Period: May 2004	Medical	-148.10
Liability Check	6/11/2004		QuickBooks Payroll Service	Created by Payroll Service on 06/10/2004	-SPLIT-	-10,163.31
Check	6/11/2004	2464	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-217.61
Check	6/11/2004	2465	Red Cliffs Lodge	Invoice: 0075	-SPLIT-	-5,766.95
Check	6/11/2004	2466	James Eardley	Mileage Reimbursement	Board Expense	-255.00
Check	6/11/2004	2467	Kay Blackwell	Mileage & Hotel Reimbursement	Board Expense	-162.75
Check	6/11/2004	2468	Kent Sundberg	Mileage Reimbursement	Board Expense	-168.75
Check	6/11/2004	2469	Lynn Lemon	Mileage Reimbursement	Board Expense	-246.75
Check	6/11/2004	2470	Jerry Grover	Expense Reimbursement	-SPLIT-	-178.40
Check	6/11/2004	2471	Dan McConkie	Mileage Reimbursement	Board Expense	-192.75
Check	6/11/2004	2472	Steven Wall	Mileage Reimbursement	Board Expense	-147.75
Check	6/11/2004	2473	Glyphics Communications	Statement Number: 1032191	Telephone	-44.00
Check	6/11/2004	2474	Kenneth Bischoff	Mileage Reimbursement	-SPLIT-	-254.85
Check	6/11/2004	2475	Verizon Wireless	Invoice Number: 1865886399	Telephone	-187.12
Check	6/11/2004	2476	Verizon Wireless	Invoice Number: 1865619274	Telephone	-34.79
Check	6/11/2004	2477	Risk & Insurance Management Society, Inc.	Mark Brady Registration	Expenses	-695.00
Check	6/11/2004	2478	Qwest	Account Number: 801-293-3098-606B	Telephone	-214.22
Check	6/11/2004	2479	Larson & Company	Invoice Number: 9607	Accounting	-2,000.00
Paycheck	6/15/2004		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	6/15/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	6/15/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	6/15/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	6/15/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	6/15/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	6/28/2004	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-304.78
Check	6/28/2004	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-835.98
Check	6/28/2004	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-408.69
Liability Check	6/29/2004		QuickBooks Payroll Service	Created by Payroll Service on 06/25/2004	-SPLIT-	-10,163.29
Paycheck	6/30/2004		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	6/30/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	6/30/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	6/30/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	6/30/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	6/30/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	7/9/2004	2480	Utah Association of Counties	Invoice Number: 418 (First Quarter)	-SPLIT-	-7,565.06
Check	7/9/2004	2481	PEHP-LTD	Coverage Period: June 2004	Medical	-173.10
Liability Check	7/9/2004	2482	Utah Retirement Systems	Unit No: 864 (June 2004)	-SPLIT-	-6,118.17
Liability Check	7/9/2004		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,820.56
Check	7/9/2004	2483	Qwest	Account Number: 801-293-3098-606B	Telephone	-539.77
Check	7/9/2004	2484	Utah Chapter of PRIMA	July Conference Sponsorship & Registrations	-SPLIT-	-450.00
Check	7/9/2004	2485	AGRIP	Management & Leadership Institute	Expenses	-525.00
Check	7/9/2004	2486	Snelling Personnel Services	Invoice Number: 3261663	Professional Fees	-999.60
Check	7/9/2004	2487	Snelling Personnel Services	Invoice Number: 3265117	Professional Fees	-114.24
Check	7/9/2004	2488	Utah Safety Council	Invoice Number: 78236	Loss Control / Training	-127.50
Check	7/9/2004	2489	Utah Safety Council	Invoice Number: 78253	Loss Control / Training	-127.50
Check	7/9/2004	2490	Utah Safety Council	Invoice Number: 78271	Loss Control / Training	-127.50
Check	7/9/2004	2491	Office Depot	Account Number: 35538769	-SPLIT-	-436.08
Check	7/9/2004	2492	New England Business Service, Inc.	Invoice Number: 9920040744-5	Office Supplies	-181.96
Liability Check	7/9/2004	2493	Utah Local Governments Trust	Customer Number: 1576.0 (JULY)	-SPLIT-	-4,987.00
Check	7/9/2004	2494	Charmaine G. Green	Reimbursable Expenses	Expenses	-407.90
Check	7/9/2004	2495	Sutliff Axlund	Invoice Numbers: 1265748	-SPLIT-	-966.62
Check	7/9/2004	2496	Steve Baker	Reimbursable Expenses	-SPLIT-	-1,352.31
Check	7/9/2004	2497	Davis County	Reimbursable Expenses - McConkie	-SPLIT-	-1,516.60
Check	7/9/2004	2498	Kent Sundberg	Reimbursable Expenses	-SPLIT-	-78.14
Liability Check	7/9/2004		United States Treasury	87-0495792	-SPLIT-	-6,986.79
Liability Check	7/14/2004		QuickBooks Payroll Service	Created by Payroll Service on 07/12/2004	-SPLIT-	-10,166.42
Paycheck	7/15/2004		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	7/15/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	7/15/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	7/15/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	7/15/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	7/15/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	7/27/2004	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-125.74
Check	7/27/2004	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-282.28
Check	7/27/2004	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-1,982.08
Check	7/29/2004	2499	Jerry Grover	Reimbursable Expenses	-SPLIT-	-415.16
Liability Check	7/29/2004	2500	Utah State Tax Commission	Z68319	-SPLIT-	-3,647.62
Check	7/29/2004	2501	Utah Association of Counties	June Newsletter Advertisement	Exhibiting & Sponsorship	-212.50
Liability Check	7/29/2004		QuickBooks Payroll Service	Created by Payroll Service on 07/26/2004	-SPLIT-	-10,166.38
Check	7/29/2004	2502	AGRIP	Member Dues	-SPLIT-	-991.52
Check	7/29/2004	2503	Sutliff Axlund	Invoice Numbers: 1266065	-SPLIT-	-332.85
Check	7/29/2004	2504	FedEx	Invoice Number: 1-891-31613	Postage	-12.69
Check	7/29/2004	2505	Utah Sheriff's Association	Conference Sponsorship	Loss Control / Training	-2,000.00
Check	7/29/2004	2506	iPhusion	Invoice Numbers: 1140	Information Technology	-3,080.00
Check	7/29/2004	2507	Office Depot	Account Number: 35538769	-SPLIT-	-2.46
Check	7/29/2004	2508	Utah Safety Council	Invoice Number: 78371	Loss Control / Training	-250.00
Liability Check	7/29/2004	2509	Utah Local Governments Trust	Customer Number: 1576.0 (AUGUST)	-SPLIT-	-4,987.00
Check	7/29/2004	2510	Utah Interactive, LLC	Account Number: 000525	Dues / Subscriptions	-50.00
Check	7/29/2004	2511	Verizon Wireless	Invoice Number: 1872484209	Telephone	-63.70
Check	7/29/2004	2512	Verizon Wireless	Invoice Number: 1872752616	Telephone	-76.58
Check	7/29/2004	2513	Verizon Wireless	Invoice Number: 1872484208	Telephone	-119.25
Check	7/29/2004	2514	Print2day	Invoice Number: 417289	Printing	-84.00
Check	7/29/2004	2515	International Special Risk Service, Inc.	Invoice 15794	-SPLIT-	-140.00
Check	7/29/2004	2516	Arthur J. Gallagher & Co.	Invoice Number: 58186	Airport Liability	-1,750.00
Check	7/29/2004	2517	Butterfield Ford Fleet	Invoice #: 4UC35770	Reserve	-25,327.00
Check	7/29/2004	2518	Sonya J. White	Expense Reimbursement	-SPLIT-	-118.59

Type	Date	Num	Name	Memo	Split	Amount
Check	7/29/2004	2519	District Court Bar Fund	Bar ID: 5591	Dues / Subscriptions	-15.00
Check	7/29/2004	2520	Utah State Bar	Bar No: 05591	Dues / Subscriptions	-360.00
Check	7/29/2004		Brody S. Parker	Expense Reimbursement	-SPLIT-	-546.99
Check	7/29/2004	2521	Utah Shakespearean Festival	Account #81195	Loss Control / Training	-1,050.00
Check	7/29/2004	2522	Alternative Service Concepts, LLC	Invoice Number: 0009408-IN	Professional Fees	-6,613.05
Check	7/29/2004	2523	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-1,129.66
Check	7/29/2004	2524	Utah Safety Council	Invoice Number: 78426	Loss Control / Training	-127.50
Check	7/29/2004	2525	Utah Safety Council	Invoice Number: 78453	Loss Control / Training	-255.00
Paycheck	7/30/2004		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	7/30/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	7/30/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	7/30/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	7/30/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	7/30/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	7/31/2004			Service Charge	Bank Charges	-50.55
Liability Check	8/10/2004		United States Treasury	87-0495792	-SPLIT-	-6,881.08
Liability Check	8/11/2004		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,830.54
Liability Check	8/13/2004		QuickBooks Payroll Service	Created by Payroll Service on 08/09/2004	-SPLIT-	-10,166.44
Paycheck	8/15/2004		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2004		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2004		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2004		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2004		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2004		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	8/19/2004	2441	Utah Retirement Systems	Unit No: 864 (July 2004)	-SPLIT-	-6,787.81
Check	8/19/2004	2442	Jerry Grover	Reimbursable Expenses	Board Expense	-227.90
Check	8/19/2004	2443	Verizon Wireless	Invoice Number: 1879430906	Telephone	-36.01
Check	8/19/2004	2444	Verizon Wireless	Invoice Number: 1879430905	Telephone	-58.96
Check	8/19/2004	2445	Verizon Wireless	Invoice Number: 1879701117	Telephone	-57.45
Check	8/19/2004	2446	Print2day	Invoice Numbers: 417761 & 417762	-SPLIT-	-371.98
Check	8/19/2004	2447	PEHP-LTD	Coverage Period: July 2004	Medical	-174.49
Check	8/19/2004	2448	International Special Risk Service, Inc.	Invoice 15773	-SPLIT-	-512.00
Check	8/19/2004	2449	CodeCo Law Publishers	Invoice Number: A42339	Dues / Subscriptions	-202.00
Check	8/19/2004	2450	Utah Sheriff's Association	Conference Reception Sponsorship	Loss Control / Training	-1,500.00
Check	8/19/2004	2451	Qwest	Account Number: 801-293-3098-606B	Telephone	-215.71
Liability Check	8/19/2004	2452	Utah Local Governments Trust	Customer Number: 1576.0 (SEPT)	-SPLIT-	-4,987.00
Check	8/19/2004	2453	AGRIP	October Conference Registration	-SPLIT-	-1,550.00
Check	8/19/2004	2454	Kent Sundberg	Reimbursable Expenses	Board Expense	-249.20
Check	8/19/2004	2455	Brody S. Parker	Expense Reimbursement	-SPLIT-	-253.96
Check	8/19/2004	2456	Print2day	Invoice Numbers: 417906	Printing	-51.90
Total WF-Expense						-196,183.79
WF-Work Comp Expense						
Check	6/11/2004	0019	County Reinsurance, Limited	UCIP - Weber County	-SPLIT-	-33,219.00
Check	6/18/2004	0020	BRF - Alternative Service Concepts	Voucher Number: 107	TPA WC	-792.14
Check	6/24/2004	0021	Alternative Service Concepts, LLC	Invoice Number: 0009386-IN	-SPLIT-	-11,666.09
Check	7/9/2004	0022	Brody S. Parker	Reimbursable Expenses (June)	-SPLIT-	-355.88
Check	7/22/2004	0023	BRF - Alternative Service Concepts	Voucher Number: 176	TPA WC	-1,020.25
Check	7/29/2004	0024	Brody S. Parker	Expense Reimbursement	-SPLIT-	-546.99
Check	7/29/2004	0025	County Reinsurance, Limited	UCIP - Cache County	-SPLIT-	-5,527.00
Check	7/31/2004			Service Charge	Bank Charges WC	-8.74
Check	8/2/2004	0026	Alternative Service Concepts, LLC	Invoice Number: 0009464-IN	-SPLIT-	-11,571.81
Check	8/10/2004	35	BRF - Alternative Service Concepts	Voucher Number: 286	TPA WC	-1,834.58
Total WF-Work Comp Expense						-66,542.48
TOTAL						-262,726.27

Utah Counties Insurance Pool

5397 South Vine Street, Salt Lake City, UT 84107
800-339-4070 www.ucip.utah.gov



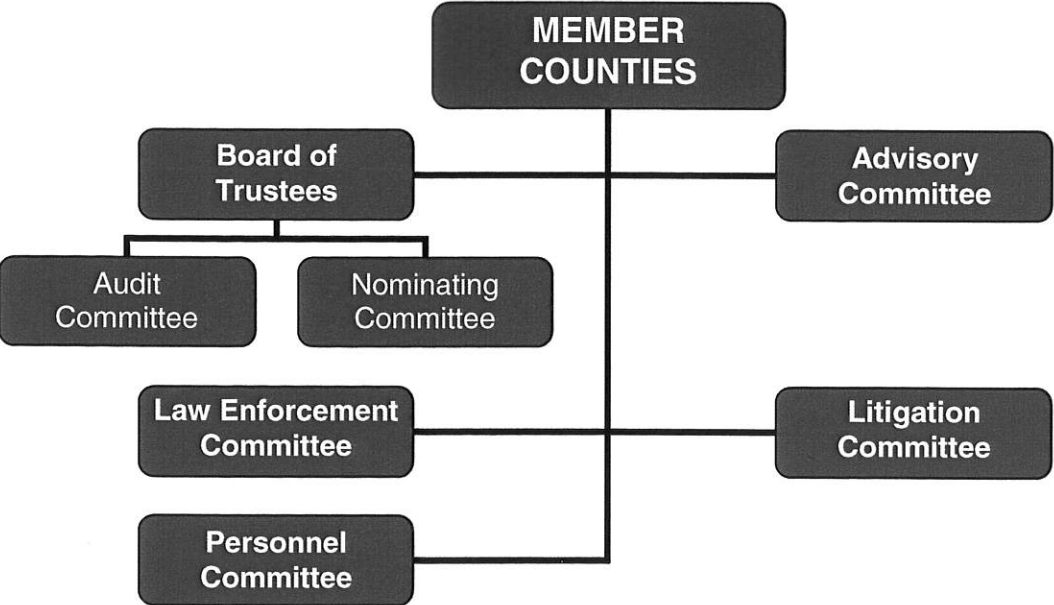
2003
ANNUAL REPORT

Mission Statement

Utah Counties Insurance Pool (UCIP) is committed to meet members' needs for quality insurance at competitive, responsible and stable cost, and to assist members with improving their risk management practices.

Membership Involvement

Utah Counties Insurance Pool members actively participate in policy-making through the Board of Trustees, involvement in one or more of UCIP's committees, and participation in the annual membership meetings. This involvement and active participation by members is the hallmark of UCIP and what sets it apart from other similar organizations.



President's Message

The past year has been a year of significant change for the Utah Counties Insurance Pool (UCIP). For starters, UCIP began 2003 as the UAC Insurance Mutual. At the annual membership meeting in November, members approved a name change to Utah Counties Insurance Pool. I've highlighted some other changes below.

Separation from the Utah Association of Counties

Effective January 1, 2003, the "UAC Insurance Mutual" and the Utah Association of Counties ended the agreement whereby UAC administered UAC Insurance Mutual. Although now separate, both organizations serve nearly the same clients and will continue to work together in the future to better the conditions of Utah's counties.

Realignment of Investments

In the second half of 2003, the Board explored investment opportunities that were not currently used. UCIP falls under the Utah Money Management Act and is limited in the types of investments it may make; however, the Board's Audit Committee wrote an Investment Policy that incorporates the Act but also diversified UCIP's portfolio. This new approach doubled UCIP's rate of return in the last four months of 2003.

Conversion of Staff Claims Handling

The Board of Trustees went through an extensive evaluation of the way liability claims were handled by the contractor and whether claims could be handled by our own staff. Effective January 1, 2004 claims were moved to UCIP staff adjusters. This decision was based on dollar savings and enhanced service to UCIP's members.

Creation of Workers' Compensation Program

Members of UCIP had often requested a Workers' Compensation pool which they could have a hand in running. As of January 1, 2004 our Workers' Compensation program was up and running with an initial 15 members. We expect the program to grow during the first year as coverage expires for other members. UCIP has partnered with Alternative Service Concepts for claims handling.

UCIP was able to partner with County Reinsurance, Limited (CRL) for its 2004 liability and Workers' Compensation reinsurance needs at a considerable savings over the renewal offered by our incumbent carrier. CRL was formed by the National Association of Counties and is a "super pool", that is, its purpose is to reinsure only county insurance pools. UCIP is now also a part owner of CRL.

As UCIP matures into its second decade of service to Utah's counties, I am continually impressed by the dedication that I see in our Board of Trustees and staff as they discharge their duties; at the same time, I see the same level of dedication to UCIP from the membership. This is our strength and our future.

Respectfully,

Dan McConkie

Dan McConkie, Davis County Commissioner
President, UCIP Board of Trustees

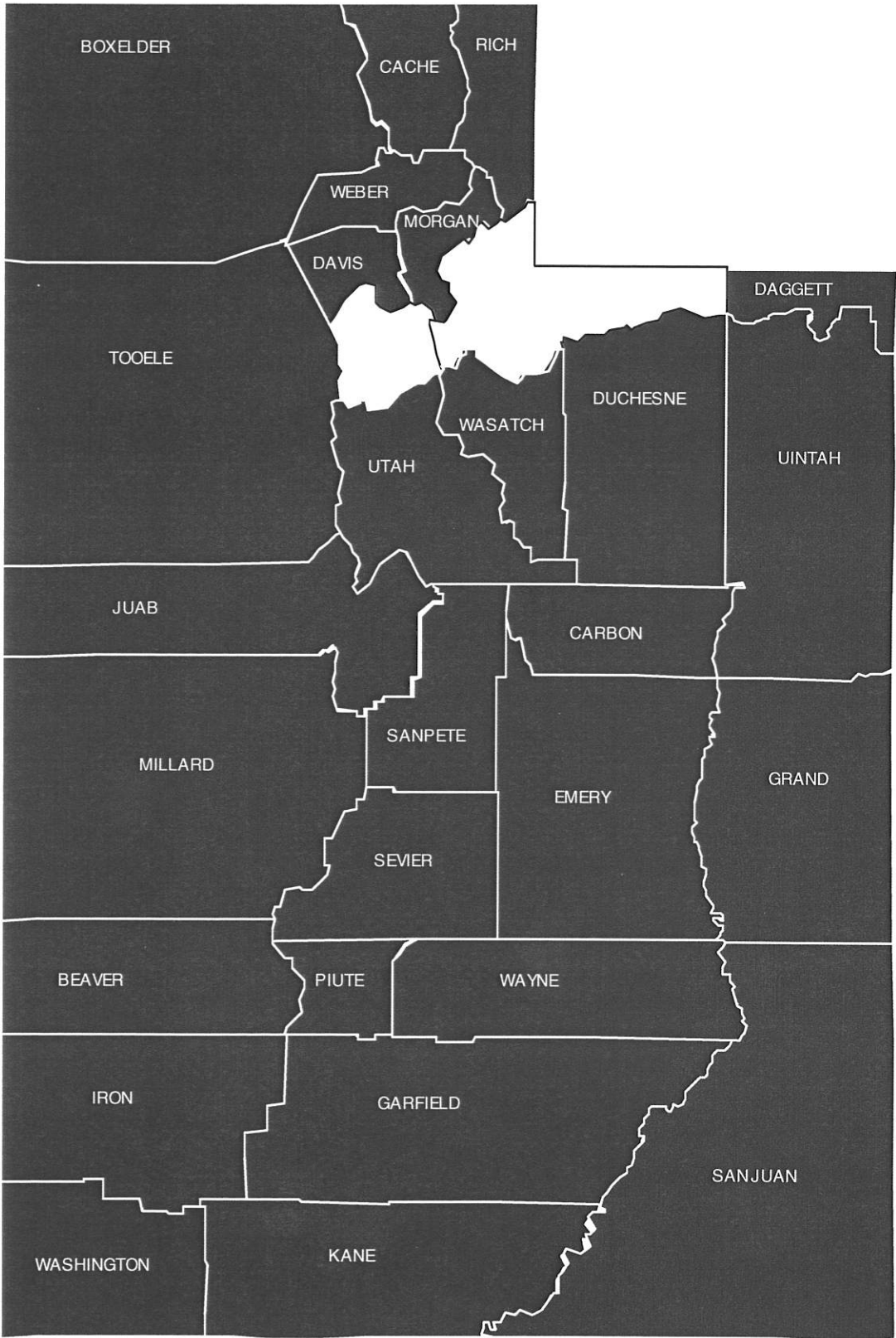


Board of Trustees

A Board of Trustees governs the Pool. The Trustees are elected by the members and serve at the pleasure of the members. The Board exercises all powers of the Pool, except those powers reserved to the member, and all powers necessary and proper for the operation of the Pool. The Board is composed of six persons elected to a term of two-years that may overlap, three persons appointed by the governing county body and three persons appointed by the Board. The Board of Trustees for 2004 is listed below with their name, position, title, representation and year their term began.

	Dan McConkie, President Davis County Commissioner Representing Davis County Term Beginning: 1998		Jim Eardley Washington County Commissioner Representing: At-Large Term Beginning: 2003 Term Expiring: 2005
	Lynn Lemon, Vice President Cache County Executive Representing: Third Class Term Beginning: 2001 Term Expiring: 2004		Jerry Grover Utah County Commissioner Representing: Utah County Term Beginning: 2003
	Gene Roundy, Secretary/Treasurer Iron County Commissioner Representing: Third Class Term Beginning: 2002 Term Expiring: 2005		Ira Hatch Emery County Commissioner Representing: At-Large Term Beginning: 2003 Term Expiring: 2004
	Steve Baker Davis County Personnel Director Personnel Committee Chair Term Beginning: 2002		Ed Phillips Millard County Sheriff Law Enforcement Committee Chair Term Beginning: 1998
	Ken Bischoff Weber County Commissioner Representing Weber County Term Beginning: 2003		Kent Sundberg Utah County Deputy Attorney Litigation Committee Chair Term Beginning: 1998
	Kay Blackwell Piute County Commissioner Representing: Fifth, Sixth Class Term Beginning: 2001 Term Expiring: 2004		Steve Wall Sevier County Clerk-Auditor Representing: Fourth Class Term Beginning: 2002 Term Expiring: 2005

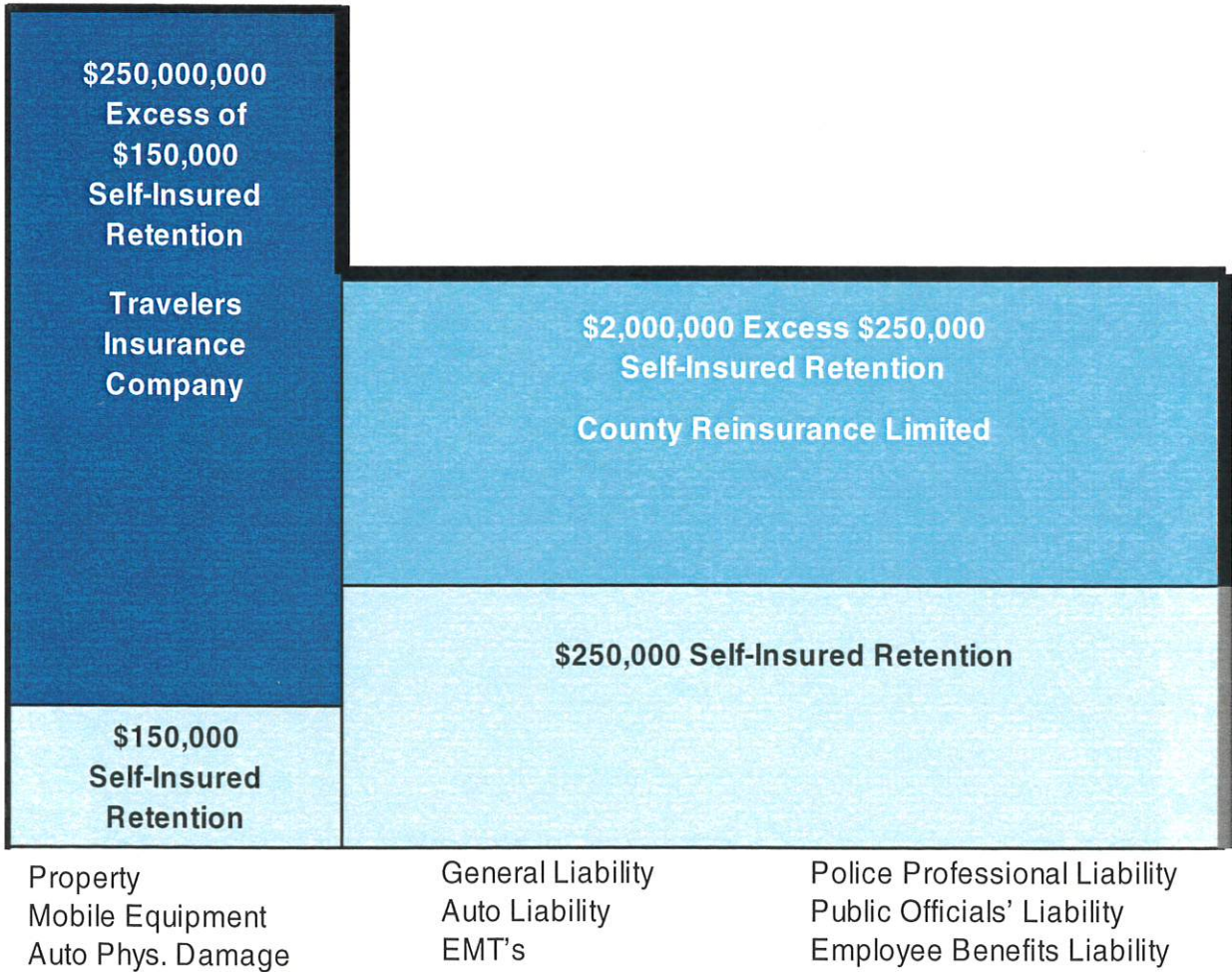
Member Counties



Property and Liability Pool Structure

The property and liability pool was formed in 1992. It is a risk sharing arrangement among Utah counties, who jointly form the pool and the Utah Counties Insurance Pool (UCIP) through an Interlocal agreement. The purposes of the pool are to provide property and casualty coverages to Utah counties through one multiline program and to assist the members in controlling the cost of risk by providing specialized governmental risk management services and systems.

As part of the package program, member counties have the following coverages through the UCIP Property and Liability program: risks of physical loss or damage to all real and personal property (including the perils of flood and earthquake), crime coverages (including all statutory bonding requirements for elected officials), and liability (including public officials, law enforcement and employment practices liability).



Independent Auditor

We have audited the accompanying basic financial statements of **Utah Counties Insurance Pool** as of December 31, 2003 and 2002, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Counties Insurance Pool** as of December 31, 2003 and 2002, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, in fiscal year 2002, effective January 1, 2001.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompany table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2004, on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Larson & Company
Sandy, Utah
February 24, 2004

Balance Sheet

UTAH COUNTIES INSURANCE POOL
Statements of Net Assets
December 31, 2003 and 2002

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 974,605	\$ 10,050,290
Administration fee reimbursement receivable	-	124,586
Accounts receivable	1,698	3,974
Accrued investment income	83,518	-
Total current assets	1,059,821	10,178,850
Investments	8,765,773	-
Capital assets, net of accumulated depreciation of \$272 and \$0, respectively	4,839	-
Total assets	\$ 9,830,433	\$ 10,178,850
LIABILITIES AND NET ASSETS		
Current liabilities:		
Reserves for losses and loss adjustment expenses	\$ 3,367,077	\$ 3,286,483
Accounts payable	16,618	1,180
Payroll liabilities	13,492	-
Compensated absences payable	22,961	-
Pass through premiums	270	3,974
Premiums paid in advance	597,965	611,871
Total current liabilities	4,018,383	3,903,508
Building related payables	16,244	-
Total liabilities	4,034,627	3,903,508
Net assets:		
Invested in capital assets	4,839	-
Restricted for:		
Auto	28,420	-
Building debt service	60,235	-
Building repairs and maintenance	20,721	-
Unrestricted	5,681,591	6,275,342
Total net assets	5,795,806	6,275,342
Total liabilities and net assets	\$ 9,830,433	\$ 10,178,850

CEO's Report

A primary goal of an insurance pool like UCIP is to stabilize premiums charged to members through the years. Stabilizing premium costs helps you, our members, with budgeting. If the prices charged by UCIP fluctuate wildly from year to year, members have a hard time with predicting and budgeting for insurance costs.

The insurance industry has been going through a "hard market" since 2000. A hard market simply means, for whatever reasons, the price of insurance has gone up. There are several contributing factors to the current hard market in the United States: the violent terrorist attacks on the U.S. in 2001, decreased investment earnings, and the rising costs of our tort system.

In order to stabilize the charges to our members, the UCIP Board of Trustees has modified the way premium is calculated, to limit the amount of increase or decrease a member experiences from year to year. At the same time, the Board has used surplus to offset increases in the cost of reinsurance that UCIP buys, rather than passing along the increases to members through higher premium charges.

The ability of UCIP and its Board of Trustees to stabilize members' premiums from year to year would not exist if the Board and its members had not had the foresight to accumulate enough capital in surplus to moderate the huge increases in the cost of reinsurance the pool has had to absorb over the last four years.

As you will see in this annual report, UCIP is in excellent financial shape and conforms to applicable accounting standards. As of January 1, 2004, UCIP has 93% of the county market in Utah with an outstanding record of meeting member expectations.

Member involvement is an important part of UCIP's operating philosophy. We have worked hard to improve communications with members and will continue this effort in 2004. Our membership meetings are well attended, but we will work to make the annual meeting attractive to members.

As UCIP initiates its Workers' Compensation program in 2004, we will strive to make it as responsive to members as the property and liability pool has been. Workers' Compensation is facing enormous pressure, not the least of which is a high rate of medical cost inflation. For the first time in history, medical costs now represent half the cost of Workers' Compensation.

We at UCIP appreciate the opportunity to serve Utah counties. It's an honor to be a part of your team.

Yours very truly,

Lester Nixon

Lester Nixon, CPCU
Chief Executive Officer



Staff



Lester Nixon
Chief Executive Officer



Sonya White
Executive Assistant



Charmaine Green
Claims Specialist



Mark Brady
Loss Control Manager



Korby Siggard
Claims Manager



Brody Parker
Workers' Comp Safety Specialist

Annual Training Opportunities

- Facilities Management Conference (1 day), February
- Planning & Zoning Conference, (1 day), April
- Insurance Coordinator's Workshop (1 day), April
- Personnel Workshop (1 ½ days), May
- Certification in Risk Management Training (3 days), August
- Sheriff's Association Conference (sponsor), September
- Commission/Council Conference (sponsor), September
- Government Civil Practice Conference (sponsor), October
- Members Annual Meeting (½ day), December

UCIP Partners



